



Agenda
City of Beaumont City Council Meeting
Closed Session 4:30 PM
Regular Session 6:00 PM

Beaumont Financing Authority
Beaumont Successor Agency (formerly RDA)
Beaumont Utility Authority
Beaumont Parking Authority
Beaumont Public Improvement Authority
Community Facilities District 93-1

550 E 6th Street, Beaumont, Ca
Tuesday, February 19, 2019

Materials related to an item on this agenda submitted to the City Council after distribution of the agenda packets are available for public inspection in the City Clerk's office at 550 E. 6th Street during normal business hours

Any person with a disability who requires accommodations in order to participate in this meeting should telephone the City Clerk's office at (951) 769 8520, at least 48 hours prior to the meeting in order to make a request for a disability related modification or accommodation.

Any one person may address the City Council on any matter not on this agenda. If you wish to speak, please fill out a "Public Comment Form" provided at the back table and give it to the City Clerk. There is a three (3) minute limit on public comments. There will be no sharing or passing of time to another person. State Law prohibits the Council from discussing or taking actions brought up by your comments.

Page

CLOSED SESSION

A Closed Session of the City Council / Beaumont Financing Authority / Beaumont Utility Authority / Beaumont Successor Agency (formerly RDA)/Beaumont Parking Authority / Beaumont Public Improvement Authority, may be held in accordance with state law which may include, but is not limited to, the following types of items: personnel matters, labor negotiations, security matters, providing instructions to real property negotiators and conference with legal counsel regarding pending litigation. Any public comment on Closed Session items will be taken before the Closed Session. Any required announcements or discussion of Closed Session items or actions following the Closed Session will be made in the City Council Chambers.

CALL TO ORDER

Mayor Martinez, Mayor Pro Tem Santos, Council Member Carroll, Council Member Lara, and Council Member White

1. Public Comments Regarding Closed Session

2. Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2) & (e)(1)
Special Legal Counsel: Eric S. Vail; Burke, Williams & Sorensen, LLP - One (1) Item

3. Conference with Real property Negotiator Pursuant to Government Code Section 54956.8 for property known as Vacant Land APN 417-110-018.

Agency Negotiator: City Manager Todd Parton or his designee.
Negotiating Parties: City of Beaumont and V4B LLC. Under Negotiation:
Price and Terms.

Adjourn to Closed Session

REGULAR SESSION

CALL TO ORDER

Mayor Martinez, Mayor Pro Tem Santos, Council Member Carroll, Council Member Lara, and Council Member White

Report out from Closed Session:
Action on any Closed Session items:

Action on any requests for excused absence:
Pledge of Allegiance:
Approval/Adjustments to Agenda:
Conflict of Interest Disclosure:

ANNOUNCEMENTS/RECOGNITIONS/PROCLAMATIONS/CORRESPONDENCE

1. **New Transit Bus Presentation**
2. **Four Seasons - K9 Fundraiser Presentation**

PUBLIC COMMENT PERIOD (ITEMS NOT ON THE AGENDA)

Any one person may address the City Council on any matter not on this agenda. If you wish to speak, please fill out a "Public Comment Form" provided at the back table and give to the City Clerk. There is a three (3) minute time limit on public comments. There will be no sharing or passing of time to another person. State Law prohibits the Council from discussing or taking actions brought up by your comments.

CONSENT CALENDAR

Items on the consent calendar are taken as one action item unless an item is pulled for further discussion here or at the end of action items.

Approval of all Ordinances and Resolutions to be read by title only.

- | | |
|---|---------|
| 3. Ratification of Warrants dated January 31, 2019
Item 3 | 9 - 24 |
| 4. Ratification of Warrants dated February 7, 2019
Item 4 | 25 - 41 |
| 5. Approval of Minutes dated February 2, 2019
CC Minutes 02.02.19 | 43 - 44 |
| 6. Approval of Minutes dated February 5, 2019
Item 7 | 45 - 58 |

7. November and December 2018 Financial Reports	59 - 72
Item 7	
8. Tentative Tract Map 33079 (East of Orchard Heights Avenue, South of Norman Road) One Year Time Extension	73 - 74
Item 8	
9. Memorandum of Understanding with the City of Banning for the Free Fare Promotion	75 - 82
Item 9	
10. Improvement Bond Acceptance for Pardee Homes, CJ Foods, and McDonald Property Group	83 - 178
Item 10	

PUBLIC HEARINGS

Approval of all Ordinances and Resolutions to be read by title only

11. Formation of CFD No. 2019-1	179 - 314
Recommended Council Action(s):	
1. Waive the full reading and adopt by title only “A Resolution of The City Council Establishing the City of Beaumont Community Facilities District No. 2019-1, Authorizing the Levy of Special Taxes and Calling an Election Therein.”	
2. Waive the full reading and adopt by title only “Resolution of The City Council of The City of Beaumont, Acting as the Legislative Body of City Of Beaumont Community Facilities District No. 2019-1, Determining the Necessity to Incur Bonded Indebtedness within the Community Facilities District and Calling Elections Therein.”	
3. Collection of ballots to be conducted by the City Clerk, and votes to be read into the record.	
4. Waive the full reading and adopt by title only “Resolution of the City Council, Acting in Its Capacity as the Legislative Body of City of Beaumont Community Facilities District No. 2019-1, Certifying the Results of the February 19, 2019 Special Tax and Bond Elections.”	
5. Waive the first full reading of “Ordinance of the City Council of The City of Beaumont, Acting in Its Capacity As the Legislative Body of City of Beaumont Community Facilities District No. 2019-1, Authorizing the Levy of a Special Tax within the Community Facilities District.”	

- [Item 11](#)
- [Item 11 A](#)
- [Item 11 B](#)
- [Item 11 C](#)
- [Item 11 D](#)
- [Item 11 E](#)
- [Item 11 G](#)
- [Item 11 H](#)

ACTION ITEMS

Approval of all Ordinances and Resolutions to be read by title only.

12. **Approval of Resolution Adopting on Behalf of the City, the Beaumont Financing Authority and City of Beaumont Community Facilities District No. 93-1, City of Beaumont Community Facilities District No. 2016-1, City of Beaumont Community Facilities District No. 2016-2, City of Beaumont Community Facilities District No. 2016-3, City of Beaumont Community Facilities District No. 2016-4 and City of Beaumont Community Facilities District No. 2019-1, the Second Amended and Restated Disclosure Procedures** 315 - 335

Recommended Council Action(s):

1. Waive the full reading and approve by title only "A Resolution of the City Council Approving Second Amended and Restated Disclosure Procedures"; and
2. Authorize the officers of the City and the Authority to take all actions necessary to implement the Second Amended and Restated Policies.

[Item 12](#)

13. **Approval of Resolution Authorizing Execution and Delivery of Acquisition Agreement in Connection with Community Facilities District No. 2016-1 (the "District")** 337 - 368

Recommended Council Action(s):

1. Waive the full reading and approve by title only, "A Resolution of the City Council of the City of Beaumont Authorizing the Execution and Delivery of an Acquisition Agreement Relating to the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) and Approving Certain Documents and Taking Certain Other Actions in Connection Therewith."

[Item 13](#)

14. **Authorizing the issuance of Community Facilities District No. 2016-1 (Fairway Canyon) 2019 Special Tax Bonds** 369 - 680

Recommended Council Action(s):

1. Waive the full reading and adopt by title only "A Resolution of the City Council of the City of Beaumont, Acting as the Legislative body of the City of Beaumont Community Facilities No. 2016-1 (Fairway canyon), Authorizing the Issuance of Its 2019 Special Tax Bonds in an Aggregate Principal Amount Not to Exceed \$10,000,000 and Approving Certain Documents and Taking Certain Other Actions in Connection Therewith."

[Item 14](#)

[Item 14 A](#)

[Item 14 B](#)

[Item 14 C](#)

[Item 14 D](#)

[Item 14 E](#)

[Item 14 F](#)

[Item 14 G](#)

15. **Authorize Employment Contract with Community Development Director** 681 - 697

Recommended Council Action(s):

1. Approve the employment agreement with Christina Taylor and authorize the Mayor to sign the agreement.

[Item 15](#)

16. **Authorize Employment Contract with City Engineer/Public Works Director** 699 - 715

Recommended Council Action(s):

1. Approve employment contract with Jeffrey Hart and authorize the Mayor to sign the agreement.

[Item 16](#)

- 17. Amendment to the Conditions of Approval for General Plan Amendment GPA 11-GPA-02, Specific Plan Amendment 11-SP-01, Parcel Map 36426 (11-PM-03) Plot Plan PP2018-0134 and EIR Addendum (Hidden Canyon)** 717 - 723

Recommended Council Action(s):

1. Amend Conditions of Approval 4.8 and 4.11 as stated in the staff report and as shown in the attached conditions of approval.

[Item 17](#)

- 18. Approve the Third Amendment to the Professional Services Agreement with Mark Thomas and Company, Inc., for the Potrero Boulevard at State Route 60 Interchange Project Phase 1 Extending the Term of the Contract** 725 - 746

Recommended Council Action(s):

1. Approve the Third Amendment to the Professional Services Agreement with Mark Thomas and Company, Inc.; and
2. Authorize the Mayor to execute the Third Amendment on behalf of the City.

[Item 18](#)

- 19. Approve Amendment No. 2 to the Professional Services Agreement with Utility Partners, LLC., for Wastewater Treatment Plant Operation and Maintenance Services for Three (3) Months in the Amount Not-to-Exceed \$23,040 and Continue Biosolids Hauling for Two (2) Months as a Rate of \$17.60/Ton and \$852.50/Load** 747 - 755

Recommended Council Action(s):

1. Approve Amendment No. 2 to the Professional Services Agreement with Utility Partners, LLC., for wastewater plant operation and maintenance services for three (3) months in the amount not-to-exceed \$23,040.
2. Continue biosolids hauling for two (2) months at a rate of \$17.60/ton and \$852.50/load.

[Item 19](#)

- 20. City Council Approval of the Assignment Agreement for the Brine Line Capacity and Approval of the Agreement and Consent Regarding Assignment and Assumption of the Inland Empire Brine Line Discharge Capacity Right in an Amount Not-to-Exceed \$6,600,000 for the Discharge Right and \$124,236 Annually for Charges Associated with the Inland Empire Line** 757 - 782

Recommended Council Action(s):

1. Approval of the Assignment Agreement for the Brine Line Capacity and approval of the Agreement and Consent regarding Assignment and Assumption of the Inland Empire Brine Line Discharge Capacity Right in an amount not-to-exceed \$6,600,000 for the discharge right and \$124,236 annually for changes associated with the Inland Empire Line.

[Item 20](#)

- 21. Approve Purchase Order to Valew Quality Truck Bodies for the Purchase of a 2019 Freightliner M2 Dump Truck in the Not-to-Exceed Amount of \$87,556.75** 783 - 798

Recommended Council Action(s):

1. Approve purchase order to Valew Quality Truck Bodies for the purchase of a 2019 Freightliner M2 Dump Truck in the not-to-exceed amount of \$87,556.75.

[Item 21](#)

- 22. Approve Purchase Order to Quinn CAT for the Purchase of a Caterpillar 272D Skid Steer Loader in the Not-to-Exceed Amount of \$100,662.92** 799 - 806

Recommended Council Action(s):

1. Approve purchase order to Quinn CAT for the purchase of a Caterpillar 272D Skid Steer loader in the not-to-exceed amount of \$100,662.92

[Item 22](#)

- 23. Auction and Purchase of Police Vehicles** 807 - 808

Recommended Council Action(s):

1. Authorize staff to remove the emergency equipment outfit, retire and auction the listed 2008 vehicle from the Police Department fleet; and
2. Authorize staff to purchase three new Chevrolet Tahoe police vehicles in the amount of \$132,708.53 from National Auto Fleet Group; and
3. Authorize staff to purchase emergency equipment and installation in the amount of \$36,812.06 from West Coast Lights and Siren.

[Item 23](#)

- 24. City Council Approval of Change Order No. 4 for the Wastewater Treatment Plant Upgrade/Expansion Project for Structural and Mechanical Modifications due to Pre-Selected Submittals in the Amount of \$57,450.64** 809 - 831

Recommended Council Action(s):

1. Approval of Change Order No. 4 for the Wastewater Treatment Plant Upgrade/Expansion Project for structural and mechanical modifications due to pre-selected submittals in the amount of \$57,450.64.

[Item 24](#)

- 25. City Council Approval of Change Order No. 5 with WEKA, Inc., for Potrero Bridge/Caltrans Future Right-of-Way Due to Brine Line Installation Requirements in an Amount Not-to-Exceed \$90,000** 833 - 837

Recommended Council Action(s):

1. Approval of Change Order No. 5 with WEKA, Inc. for Potrero Bridge/Caltrans right-of-way due to brine line installation requirements in an amount not to exceed \$90,000.

[Item 25](#)

- 26. Approval of City Attorney Invoices for the Month of January 2019** 839 - 860

Recommended Council Action(s):

1. Approve invoices in the amount of \$82,461.61

[Item 26](#)

- 27. Legislative Updates and Discussion**

COUNCIL REPORTS

- Carroll
- Lara
- Martinez
- Santos
- White

ECONOMIC DEVELOPMENT UPDATE

Economic Development Committee Report Out and City Council Direction

CITY TREASURER REPORT

Finance and Audit Committee Report Out and Council Direction

CITY CLERK REPORT

CITY ATTORNEY REPORT

CITY MANAGER REPORT

FUTURE AGENDA ITEMS

Adjournment of the City Council of the February 19, 2019 Meeting at ____ p.m.

The next regular meeting of the Beaumont City Council, Beaumont Financing Authority, the Beaumont Successor Agency (formerly RDA), the Beaumont Utility Authority, the Beaumont Parking Authority and the Beaumont Public Improvement Agency is scheduled for Tuesday, March 5, 2019, at 5:00 p.m. or thereafter as noted on the posted Agenda for Closed Session items in the City Council Board Room No. 5, followed by the regular meeting at 6:00 p.m. or thereafter as noted on the posted Agenda at City Hall.

Beaumont City Hall – Online www.BeaumontCa.gov



WARRANTS TO BE RATIFIED

Thursday, January 31, 2019

Printed Checks	100909-100977	\$	822,133.02	FY 18/19
ACH	119	\$	141,174.52	Citizen Business Bank
	120	\$	2,682,315.83	W.M. Lyles
	A/P Total	\$	<u>3,645,623.37</u>	
Wire	WTNA	\$	17,216.17	
	Sectigo	\$	705.00	
Bank Drafts	CalPERS	\$	172.77	27308 Pepra Unfunded Liability 2018/2019
		\$	85.49	25763 Pepra Unfunded Liability 2018/2019
		\$	64,088.44	743 Classic Unfunded Liability 2018/2019
		\$	30,010.10	742 Classic Unfunded Liability 2018/2019
		\$	<u>94,356.80</u>	
		\$	47,166.20	743 Classic 12/14/2018-12/27/2018
		\$	35,682.13	742 Classic 12/14/2018-12/27/2018
		\$	10,704.72	27308 Pepra 12/14/2018-12/27/2018
		\$	3,728.15	25763 Pepra 12/14/2018-12/27/2018
		\$	46,000.92	743 Classic 12/28/2018-01/10/2019
		\$	34,931.78	742 Classic 12/28/2018-01/10/2019
		\$	13,730.85	27308 Pepra 12/28/2018-01/10/2019
		\$	3,728.15	25763 Pepra 12/28/2018-01/10/2019
	MG Trust	\$	21,519.94	457 Paydate 12/07/2018
		\$	4,253.44	401A 01/04/2019
		\$	4,213.29	401A 12/21/2018
		\$	4,195.57	401A 12/07/2018
		\$	822.26	FICA 01/04/2019
		\$	713.41	FICA 12/07/2018
		\$	866.52	FICA 12/21/2018

I DO HEREBY CERTIFY THIS WARRANT LIST HAS BEEN COMPILED AND PREPARED TO MEET THE DAILY OPERATIONS FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019

SIGNATURE: _____
 TITLE: CITY TREASURER

SIGNATURE: 
 TITLE: FINANCE DIRECTOR

Staff Report

TO: Mayor and City Council Members

FROM: Melana Taylor, Director of Finance

DATE: January 31, 2019

SUBJECT: Warrants to Be Ratified

Background and Analysis:

The City of Beaumont City Council appointed a Treasurer at the meeting on January 15, 2019. However, the position remains unfilled until the individual is sworn in to office. The warrant process, however, continues on a weekly basis.

The internal control process is as follows:

1. Accounting staff receives invoices for payment. Staff ensures proper director authorization, codes, and amounts. Staff performs data entry of invoices, creating a packet for the week. NOTE: This step includes ensuring City Council approval for invoices over \$25,000 and City Manager approval for invoices over \$1,000.
2. Senior accounting staff reviews the packet against the original invoices and verifies that data entry is complete and accurate. Senior accounting staff performs approval step in the software.
3. Accounting staff pulls approved packet forward and performs the check printing function.
4. Senior accounting staff reviews the check packet against the data entry packet to ensure accuracy. Senior accounting staff then performs approval of check run step in the software.
5. Accounting staff separates invoices alphabetically and runs all applicable system reports. Accounting staff then runs an online banking activity report. All data is pulled together to generate the Warrants to Be Ratified report.
6. Director of Finance receives all invoices, checks, reports, and Warrants to Be Ratified report and agrees all documents, verifying the vendor names and amounts. Director of Finance signs the Warrants to Be Ratified and provides to Deputy City Clerk. Director of Finance returns invoices, checks and reports to accounting staff to process checks for mailing and invoices for scanning.

Finance Director Review: 



Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
3503	CITIZENS BUSINESS BANK	01/31/2019	EFT	0.00	141,174.52	119
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>CONTRACT 18-80</u>	Invoice	01/31/2019	W LYLES RETENTION ESCROW	0.00	141,174.52	
	<u>710-0000-8030-0000</u>		CAPITAL IMPROVEMENT W LYLES RETENTION ESCROW		141,174.52	
3396	W.M. LYLES CO.	01/31/2019	EFT	0.00	2,682,315.83	120
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>CONTRACT 18-80</u>	Invoice	01/31/2019	WWTP SALT MITIGATION UPGRADE - CON	0.00	2,682,315.83	
	<u>710-0000-8030-0000</u>		CAPITAL IMPROVEMENT WWTP SALT MITIGATION UPGR		2,682,315.83	
1527	FRANCISCO VELASQUEZ	01/24/2019	Regular	0.00	16,847.16	100909
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>01/24/2019</u>	Invoice	01/24/2019	FINAL CHECK	0.00	16,847.16	
	<u>100-0000-2105-0000</u>		PAYROLL SUSPENSE FINAL CHECK		16,847.16	
3505	ERIC COLLINS-OPON	01/30/2019	Regular	0.00	252.36	100910
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>1/30/19</u>	Invoice	01/30/2019	PAYROLL CHECK PD 1/18/19	0.00	252.36	
	<u>100-0000-2105-0000</u>		PAYROLL SUSPENSE PAYROLL CHECK PD 1/18/19		252.36	
1023	ADVANCED WORKPLACE STRATEGIES	01/31/2019	Regular	0.00	228.00	100911
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>394376</u>	Invoice	01/30/2019	HIRING COSTS	0.00	228.00	
	<u>100-1240-6050-0000</u>		RECRUITMENT AND HIRI HIRING COSTS		171.00	
	<u>750-7200-6019-0000</u>		FIRST AID HIRING COSTS		57.00	
1042	ALL PURPOSE RENTALS	01/31/2019	Regular	0.00	341.31	100912
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>36582</u>	Invoice	01/31/2019	EQUIPMENT RENTAL - SEWER	0.00	341.31	
	<u>700-4050-7075-0000</u>		EQUIPMENT LEASING/RE EQUIPMENT RENTAL - SEWER		341.31	
1050	AMAZON CAPITAL SERVICES	01/31/2019	Regular	0.00	270.76	100913
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>17P1-DQ1P-RRH</u>	Invoice	01/30/2019	OFFICE SUPPLIES	0.00	168.76	
	<u>100-2050-7025-0000</u>		OFFICE SUPPLIES OFFICE SUPPLIES		168.76	
<u>1RVX-K4QY-THM</u>	Invoice	01/30/2019	DEPT SUPPLIES	0.00	102.00	
	<u>100-2050-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPT SUPPLIES		102.00	
1053	AMERICAN FORENSIC NURSES	01/31/2019	Regular	0.00	124.00	100914
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>71645</u>	Invoice	01/31/2019	American Forensic Nurses - Blood Analy	0.00	76.00	
	<u>100-2050-7068-0000</u>		CONTRACTUAL SERVICES American Forensic Nurses - Bloo		76.00	
<u>71685</u>	Invoice	01/31/2019	American Forensic Nurses - Blood Analy	0.00	48.00	
	<u>100-2050-7068-0000</u>		CONTRACTUAL SERVICES American Forensic Nurses - Bloo		48.00	

Check Report

Date Range: 01/24/2019 - 01/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
3504	ARROWHEAD FORENSICS	01/31/2019	Regular	0.00	197.63	100915
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>112417</u>	Invoice	01/30/2019	DEPT SUPPLIES	0.00	197.63	
	<u>100-2050-7070-0000</u>		SPECIAL DEPT SUPPLIES		197.63	
1127	BEAUMONT DO IT BEST HOME CENTER	01/31/2019	Regular	0.00	196.27	100916
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>466013</u>	Invoice	01/31/2019	DEPARTMENT SUPPLIES - SEWER	0.00	149.64	
	<u>700-4050-7070-0000</u>		SPECIAL DEPT SUPPLIES		149.64	
<u>466565</u>	Invoice	01/31/2019	DEPARTMENT SUPPLIES - SEWER	0.00	20.33	
	<u>700-4050-7070-0000</u>		SPECIAL DEPT SUPPLIES		20.33	
<u>467525</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	19.34	
	<u>100-2100-7085-0000</u>		BUILDING SUPPLIES/MAI		19.34	
<u>467529</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	2.12	
	<u>100-2100-7085-0000</u>		BUILDING SUPPLIES/MAI		2.12	
<u>467570</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	4.84	
	<u>100-2100-7085-0000</u>		BUILDING SUPPLIES/MAI		4.84	
1140	BEAUMONT SAFE & LOCK	01/31/2019	Regular	0.00	32.27	100917
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>71285</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	32.27	
	<u>100-2050-7085-0000</u>		BUILDING SUPPLIES/MAI		32.27	
1161	BIO-TOX LABORTORIES	01/31/2019	Regular	0.00	838.00	100918
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>37130</u>	Invoice	01/31/2019	BioTox Blood Analysis	0.00	503.00	
	<u>100-2050-7068-0000</u>		CONTRACTUAL SERVICES		503.00	
<u>37243</u>	Invoice	01/31/2019	BioTox Blood Analysis	0.00	335.00	
	<u>100-2050-7068-0000</u>		CONTRACTUAL SERVICES		335.00	
1196	CALIFORNIA BUILDING OFFICIALS	01/31/2019	Regular	0.00	695.00	100919
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>3044</u>	Invoice	01/30/2019	EMPLOYEE MEETING	0.00	695.00	
	<u>100-2150-7066-0000</u>		TRAVEL, EDUCATION, TRA		695.00	
1219	CAPIO	01/31/2019	Regular	0.00	530.00	100920
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>5922</u>	Invoice	01/30/2019	EMPLOYEE CONFERENCE	0.00	530.00	
	<u>100-1200-7066-0000</u>		TRAVEL, EDUCATION, TRA		530.00	
1344	CREATIVE BUS SALES, INC	01/31/2019	Regular	0.00	516,264.84	100921
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>1531814</u>	Invoice	01/31/2019	Bus Procurement	0.00	516,264.84	
	<u>760-0000-8062-0000</u>		BUS PURCHASES		516,264.84	
3409	CV STRATEGIES	01/31/2019	Regular	0.00	6,925.00	100922
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>4839</u>	Invoice	01/30/2019	PROFESSIONAL SERVICES	0.00	6,925.00	
	<u>100-1200-7068-0000</u>		CONTRACTUAL SERVICES		6,925.00	
1356	CYRUN	01/31/2019	Regular	0.00	44,477.22	100923

Check Report

Date Range: 01/24/2019 - 01/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>BEA-1901</u>	Invoice	01/30/2019	COMPUTER SOFTWARE	0.00	44,477.22	
	<u>100-1230-7071-6040</u>		SOFTWARE (POLICE DEPT		44,477.22	
1402	DEPARTMENT OF JUSTICE	01/31/2019	Regular	0.00	35.00	100924
<u>352376</u>	Invoice	01/31/2019	Department of Justice - Blood Analysis	0.00	35.00	
	<u>100-2050-7068-0000</u>		CONTRACTUAL SERVICES		35.00	
1408	DEPARTMENT OF TRANSPORTATION	01/31/2019	Regular	0.00	2,014.11	100925
<u>SL190424</u>	Invoice	01/30/2019	SIGNALS & LIGHTING UTILITY	0.00	2,014.11	
	<u>100-3250-7010-0000</u>		UTILITIES		2,014.11	
1445	DUDEK	01/31/2019	Regular	0.00	2,231.57	100926
<u>20169058</u>	Invoice	01/31/2019	GROUNDWATER MANAGEMENT	0.00	2,231.57	
	<u>700-4050-7068-0000</u>		CONTRACTUAL SERVICES		2,231.57	
1501	FAIRVIEW FORD	01/31/2019	Regular	0.00	173.01	100927
<u>564853</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	75.38	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE		75.38	
<u>567104</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	97.63	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE		97.63	
1522	FOX OCCUPATIONAL	01/31/2019	Regular	0.00	441.23	100928
<u>88538-32304-975</u>	Invoice	01/30/2019	EMPLOYEE MEDICAL SERVICES	0.00	215.03	
	<u>750-7200-6010-0000</u>		FIRST AID		215.03	
<u>88538-32304-981</u>	Invoice	01/30/2019	EMPLOYEE MEDICAL SERVICES	0.00	226.20	
	<u>750-7200-6010-0000</u>		FIRST AID		226.20	
1533	FRONTIER COMMUNICATIONS	01/31/2019	Regular	0.00	3,896.10	100929
<u>209-042-1999-06</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	288.05	
	<u>100-1230-7015-6040</u>		TELEPHONE (POLICE DPT)		288.05	
<u>213-180-1992-06</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	173.98	
	<u>100-1230-7015-6045</u>		TELEPHONE (COMM CTR)		173.98	
<u>323-156-8188-02</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	83.98	
	<u>100-1230-7015-6060</u>		TELEPHONE (4th ST YARD)		83.98	
<u>951-769-5188-04</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	309.39	
	<u>100-1230-7015-6045</u>		TELEPHONE (COMM CTR)		309.39	
<u>951-769-8500-01</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	1,698.36	
	<u>100-1230-7015-6040</u>		TELEPHONE (POLICE DPT)		1,698.36	
<u>951-769-8520-01</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	250.30	
	<u>100-1230-7015-0000</u>		TELEPHONE		250.30	
<u>951-769-8530-06</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	244.24	
	<u>750-7300-7015-0000</u>		TELEPHONE		244.24	
<u>951-769-8533-09</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	56.30	

Check Report

Date Range: 01/24/2019 - 01/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
	<u>750-7300-7015-0000</u>	TELEPHONE	PHONE UTILITY		56.30	
<u>951-769-8534-04</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	484.17	
	<u>700-4050-7015-0000</u>	TELEPHONE	PHONE UTILITY		484.17	
<u>951-769-8537-03</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	8.47	
	<u>100-1230-7015-6060</u>	TELEPHONE (4th ST YARD	PHONE UTILITY		8.47	
<u>951-769-8538-06</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	65.51	
	<u>100-1230-7015-0000</u>	TELEPHONE	PHONE UTILITY		65.51	
<u>951-769-8539-04</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	129.79	
	<u>100-1230-7015-6045</u>	TELEPHONE (COMM CTR)	PHONE UTILITY		129.79	
<u>951-922-6646-04</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	103.56	
	<u>700-4050-7015-0000</u>	TELEPHONE	PHONE UTILITY		103.56	
2987	GLADWELL GOVERNMENTAL SERVICES INC.	01/31/2019	Regular	0.00	750.00	100930
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>4037</u>	Invoice	01/31/2019	City Vault Filing Clean Up	0.00	750.00	
	<u>100-1150-7068-0000</u>	CONTRACTUAL SERVICES	City Vault Filing Clean Up		750.00	
1582	GRAFFITI TRACKER INC	01/31/2019	Regular	0.00	2,750.00	100931
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>3329</u>	Invoice	01/30/2019	SUBSCRIPTION DUES	0.00	2,750.00	
	<u>100-2050-7030-0000</u>	DUES & SUBSCRIPTIONS	SUBSCRIPTION DUES		2,750.00	
1632	HOME DEPOT/CREDIT SERVICES	01/31/2019	Regular	0.00	3,523.96	100932
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>1014186</u>	Invoice	01/30/2019	DEPT SUPPLIES	0.00	109.39	
	<u>100-6050-7070-0000</u>	SPECIAL DEPT SUPPLIES	DEPT SUPPLIES		109.39	
<u>120565</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	35.50	
	<u>100-6000-7085-6040</u>	BLDG MAINT - POLICE DE	BUILDING SUPPLIES & MAINTEN		35.50	
<u>2010297</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	259.87	
	<u>100-6000-7085-6030</u>	BLDG MAINT- CITY HALL B	BUILDING SUPPLIES & MAINTEN		259.87	
<u>3010123</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	238.34	
	<u>100-6000-7085-6040</u>	BLDG MAINT - POLICE DE	BUILDING SUPPLIES & MAINTEN		238.34	
<u>3010216</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	235.69	
	<u>100-6000-7085-6040</u>	BLDG MAINT - POLICE DE	BUILDING SUPPLIES & MAINTEN		235.69	
<u>3025271</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	82.98	
	<u>100-6000-7085-6040</u>	BLDG MAINT - POLICE DE	BUILDING SUPPLIES & MAINTEN		82.98	
<u>3025272</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	119.17	
	<u>100-6000-7085-6031</u>	BLDG MAINT- CITY HALL B	BUILDING SUPPLIES & MAINTEN		119.17	
<u>3583460</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	141.98	
	<u>100-6000-7085-6025</u>	BLDG MAINT - CITY HALL	BUILDING SUPPLIES & MAINTEN		141.98	
<u>4010034</u>	Invoice	01/30/2019	DEPARTMENT SUPPLIES - STREETS	0.00	121.84	
	<u>100-3250-7070-0000</u>	SPECIAL DEPT SUPPLIES	DEPARTMENT SUPPLIES - STREE		121.84	
<u>4022785</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	43.04	
	<u>100-6000-7085-6040</u>	BLDG MAINT - POLICE DE	BUILDING SUPPLIES & MAINTEN		43.04	
<u>4022786</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	97.31	
	<u>100-6000-7085-6025</u>	BLDG MAINT - CITY HALL	BUILDING SUPPLIES & MAINTEN		97.31	
<u>4022787</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	59.02	
	<u>100-6000-7085-6060</u>	BLDG MAINT- 713 W 4TH	BUILDING SUPPLIES & MAINTEN		59.02	
<u>4093155</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	530.01	
	<u>100-6000-7085-6040</u>	BLDG MAINT - POLICE DE	BUILDING SUPPLIES & MAINTEN		530.01	
<u>4562505</u>	Invoice	01/30/2019	DEPARTMENT SUPPLIES - SEWER	0.00	28.25	

Check Report

Date Range: 01/24/2019 - 01/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
	<u>700-4050-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - SEWE		28.25	
<u>5024896</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	27.95	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE BUILDING SUPPLIES & MAINTEN		27.95	
<u>5024916</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	119.17	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE BUILDING SUPPLIES & MAINTEN		119.17	
<u>5024917</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	193.89	
	<u>100-6000-7085-6025</u>		BLDG MAINT - CITY HALL BUILDING SUPPLIES & MAINTEN		193.89	
<u>5024995</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	221.75	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE BUILDING SUPPLIES & MAINTEN		221.75	
<u>6024769</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	20.41	
	<u>100-6000-7085-6045</u>		BLDG MAINT- COMMUNI BUILDING SUPPLIES & MAINTEN		20.41	
<u>6170161</u>	Credit Memo	01/29/2019	DEPARTMENT SUPPLIES - SEWER	0.00	-28.25	
	<u>700-4050-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - SEWE		-28.25	
<u>7013615</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	34.45	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE BUILDING SUPPLIES & MAINTEN		34.45	
<u>7013616</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	51.46	
	<u>100-6000-7085-6025</u>		BLDG MAINT - CITY HALL BUILDING SUPPLIES & MAINTEN		51.46	
<u>7013617</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	8.58	
	<u>100-6000-7085-6060</u>		BLDG MAINT- 713 W 4TH BUILDING SUPPLIES & MAINTEN		8.58	
<u>7023600</u>	Invoice	01/30/2019	DEPARTMENT SUPPLIES - SEWER	0.00	41.19	
	<u>700-4050-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - SEWE		41.19	
<u>9014429</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	505.07	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE BUILDING SUPPLIES & MAINTEN		505.07	
<u>9120569</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	14.71	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE BUILDING SUPPLIES & MAINTEN		14.71	
<u>9590662</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	159.47	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE BUILDING SUPPLIES & MAINTEN		159.47	
<u>9903235</u>	Invoice	01/30/2019	BUILDING SUPPLIES & MAINTENANCE	0.00	100.00	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE BUILDING SUPPLIES & MAINTEN		100.00	
<u>9903243</u>	Credit Memo	01/30/2019	RETURNED GOODS	0.00	-48.28	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE RETURNED GOODS		-48.28	
	Void	01/31/2019	Regular	0.00	0.00	100933
1637	HOUSTON & HARRIS PCS, INC	01/31/2019	Regular	0.00	5,488.09	100934
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name	Item Description	Distribution Amount	
<u>18-21575</u>	Invoice	01/31/2019	ANNUAL SEWER CLEANING/DEBRIS REMO	0.00	5,488.09	
	<u>700-4050-7068-0000</u>		CONTRACTUAL SERVICES ANNUAL SEWER CLEANING/DEB		5,488.09	
1643	HUNTINGTON COURT REPORTERS & TRANSCRIP	01/31/2019	Regular	0.00	702.28	100935
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name	Item Description	Distribution Amount	
<u>31587</u>	Invoice	01/31/2019	Huntington Transcription Services	0.00	702.28	
	<u>100-2050-7068-0000</u>		CONTRACTUAL SERVICES Huntington Transcription Servic		702.28	
1662	INFOSEND, INC	01/31/2019	Regular	0.00	2,046.14	100936
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name	Item Description	Distribution Amount	
<u>146745</u>	Invoice	01/30/2019	PROFESSIONAL SERVICES	0.00	2,046.14	
	<u>100-3100-7068-0000</u>		CONTRACTUAL SERVICES PROFESSIONAL SERVICES		920.76	
	<u>700-4050-7068-0000</u>		CONTRACTUAL SERVICES PROFESSIONAL SERVICES		1,125.38	
3454	INNOVATIVE PLAYGROUNDS COMPANY, INC	01/31/2019	Regular	0.00	3,282.20	100937

Check Report

Date Range: 01/24/2019 - 01/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>2271</u>	Invoice	01/31/2019	goods	0.00	3,282.20	
	<u>100-6050-7070-5400</u>	SPEC DEPT EXP - SPORTS	goods		3,282.20	
1679	INTERWEST CONSULTING GRP, INC.	01/31/2019	Regular	0.00	7,132.20	100938
<u>46592</u>	Invoice	01/31/2019	Interwest - Building Plan Check	0.00	7,132.20	
	<u>100-2150-7063-0000</u>	PLAN CHECK FEES	Interwest - Building Plan Check		7,132.20	
3247	KOA CORPORATION	01/31/2019	Regular	0.00	21,001.39	100939
<u>JB74058x5</u>	Invoice	01/31/2019	California Grade Sep Engineering Design S	0.00	21,001.39	
	<u>500-0000-7068-0000</u>	CONTRACTUAL SERVICE	California Grade Sep Engineerin		21,001.39	
1805	KONICA MINOLTA BUSINESS SOLUTIONS	01/31/2019	Regular	0.00	893.42	100940
<u>9005284289</u>	Invoice	01/30/2019	PRINTER SERVICES	0.00	745.64	
	<u>100-1230-7090-6025</u>	EQUIP SUPPLIES/MAINT (	EQUIPMENT MAINTENANCE		351.38	
	<u>100-1230-7090-6040</u>	EQUIP SUPPLIES/MAINT (	EQUIPMENT MAINTENANCE		184.24	
	<u>100-1230-7090-6045</u>	EQUIP SUPPLIES/MAINT (	EQUIPMENT MAINTENANCE		75.96	
	<u>750-7000-7090-0000</u>	EQUIPMENT SUPPLIES/M	EQUIPMENT MAINTENANCE		134.06	
<u>9005284497</u>	Invoice	01/30/2019	EQUIPMENT RENTAL	0.00	147.78	
	<u>100-1230-7090-6026</u>	EQUIP SUPPLIES/MAINT (	EQUIPMENT MAINTENANCE		59.11	
	<u>700-4050-7090-6026</u>	EQUIPMENT SUPPLIES/M	EQUIPMENT MAINTENANCE		88.67	
1806	KONICA MINOLTA PREMIER FINANCE	01/31/2019	Regular	0.00	2,682.26	100941
<u>374377372</u>	Invoice	01/30/2019	EQUIPMENT RENTAL	0.00	1,200.34	
	<u>100-1230-7075-0000</u>	EQUIPMENT LEASING/RE	EQUIPMENT RENTAL		840.24	
	<u>700-4050-7075-0000</u>	EQUIPMENT LEASING/RE	EQUIPMENT RENTAL		360.10	
<u>375321213</u>	Invoice	01/30/2019	EQUIPMENT RENTAL	0.00	1,481.92	
	<u>100-1230-7075-6025</u>	EQUIPMENT LEASING/RE	EQUIPMENT RENTAL		370.48	
	<u>100-1230-7075-6040</u>	EQUIPMENT LEASING/RE	EQUIPMENT RENTAL		370.48	
	<u>100-1230-7075-6045</u>	EQUIPMENT LEASING/RE	EQUIPMENT RENTAL		370.48	
	<u>750-7000-7075-0000</u>	EQUIPMENT LEASING/RE	EQUIPMENT RENTAL		370.48	
3379	LAW OFFICES BURKE, WILLIAMS & SORENSEN,	01/31/2019	Regular	0.00	290.00	100942
<u>235981</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	290.00	
	<u>120-9663-7300-0000</u>	CONTRACTUAL SERVICES	LEGAL SERVICES		290.00	
1842	LEAGUE OF CALIFORNIA CITIES	01/31/2019	Regular	0.00	100.00	100943
<u>2270</u>	Invoice	01/30/2019	MEMBERSHIP DUES	0.00	100.00	
	<u>100-1200-7030-0000</u>	DUES & SUBSCRIPTIONS	MEMBERSHIP DUES		100.00	
1853	LEWIS BRISBOIS BISGAARD & SMITH LLP	01/31/2019	Regular	0.00	6,473.90	100944
<u>2173427</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	1,191.83	
	<u>120-9663-7300-0000</u>	CONTRACTUAL SERVICES	LEGAL SERVICES		1,191.83	
<u>2173428</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	330.00	

Check Report

Date Range: 01/24/2019 - 01/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		330.00	
<u>2173429</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	420.90	
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		420.90	
<u>2194051</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	70.50	
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		70.50	
<u>2194052</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	181.50	
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		181.50	
<u>2194053</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	17.70	
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		17.70	
<u>2194054</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	75.45	
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		75.45	
<u>2221800</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	773.17	
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		773.17	
<u>2221801</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	66.00	
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		66.00	
<u>2221802</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	156.58	
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		156.58	
<u>2260410</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	3,147.22	
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		3,147.22	
<u>2260411</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	16.50	
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		16.50	
<u>2260412</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	26.55	
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		26.55	
3506	LISA LEACH	01/31/2019	Regular	0.00	879.04	100945
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name	Item Description	Distribution Amount	
<u>01/29/19</u>	Invoice	01/30/2019	EMPLOYEE REIMBURSEMENT	0.00	879.04	
	<u>100-1225-7066-0000</u>		TRAVEL, EDUCATION, TRA	EMPLOYEE REIMBURSEMENT	879.04	
1904	MARCEDES CASHMER	01/31/2019	Regular	0.00	114.96	100946
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name	Item Description	Distribution Amount	
<u>01/24/19</u>	Invoice	01/30/2019	REIMBURSEMENT FOR MEETING GOODS	0.00	114.96	
	<u>100-2050-7035-0000</u>		LOCAL MEETINGS	REIMBURSEMENT FOR MEETIN	114.96	
2892	MOFFATT & NICHOL	01/31/2019	Regular	0.00	829.00	100947
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name	Item Description	Distribution Amount	
<u>739235</u>	Invoice	01/31/2019	ENVIROMENTAL DOC SERVICES FOR PENN	0.00	829.00	
	<u>500-0000-7058-0000</u>		CONTRACTUAL SERVICE	CONSULTING SERVICES	829.00	
1965	MORITZ EMBROIDERY WORKS	01/31/2019	Regular	0.00	615.14	100948
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name	Item Description	Distribution Amount	
<u>231787</u>	Invoice	01/30/2019	EMPLOYEE UNIFORM	0.00	615.14	
	<u>100-2050-7065-0000</u>		UNIFORMS	EMPLOYEE UNIFORM	615.14	
1984	NAPA AUTO PARTS	01/31/2019	Regular	0.00	474.84	100949
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name	Item Description	Distribution Amount	
<u>074505</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	26.20	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE	VEHICLE MAINTENANCE	26.20	
<u>077663</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	78.12	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE	VEHICLE MAINTENANCE	78.12	
<u>078264</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	60.30	

Check Report

Date Range: 01/24/2019 - 01/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
	<u>100-2050-7037-0000</u>	VEHICLE MAINTENANCE	VEHICLE MAINTENANCE		60.30	
<u>078271</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	193.94	
	<u>100-2050-7037-0000</u>	VEHICLE MAINTENANCE	VEHICLE MAINTENANCE		193.94	
<u>078852</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	116.28	
	<u>100-2050-7037-0000</u>	VEHICLE MAINTENANCE	VEHICLE MAINTENANCE		116.28	
2007	NV5, INC	01/31/2019	Regular	0.00	43,736.60	100950
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
Account Number	Account Name	Item Description	Distribution Amount			
<u>111032</u>	Invoice	01/30/2019	INSPECTION SERVICES	0.00	379.50	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		379.50	
<u>111034</u>	Invoice	01/30/2019	INSPECTION SERVICES SF 14-2159	0.00	407.50	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		407.50	
<u>111035</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	173.25	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		173.25	
<u>111037</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	1,123.50	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		1,123.50	
<u>111038</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	381.00	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		381.00	
<u>111042</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	222.25	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		222.25	
<u>111043</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	824.25	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		824.25	
<u>111045</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	171.75	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		171.75	
<u>111047</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	939.00	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		939.00	
<u>111052</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	960.00	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		960.00	
<u>111054</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	587.00	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		587.00	
<u>111056</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	168.00	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		168.00	
<u>111057</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	795.50	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		795.50	
<u>111060</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	189.00	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		189.00	
<u>111061</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	1,173.75	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		1,173.75	
<u>111063</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	213.75	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		213.75	
<u>111066</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	429.75	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		429.75	
<u>111067</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	204.00	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		204.00	
<u>111068</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	1,249.00	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		1,249.00	
<u>111070</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	531.75	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		531.75	
<u>111071</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	419.25	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		419.25	
<u>111073</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	194.25	
	<u>100-3100-7067-0000</u>	INSPECTIONS	INSPECTION SERVICES		194.25	

Check Report

Date Range: 01/24/2019 - 01/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<u>111074</u>	Invoice <u>100-3100-7067-0000</u>	01/31/2019	INSPECTION SERVICES INSPECTIONS	0.00	757.25	
<u>111077</u>	Invoice <u>100-3100-7067-0000</u>	01/31/2019	INSPECTION SERVICES INSPECTIONS	0.00	4,042.75	
<u>111078</u>	Invoice <u>100-3100-7067-0000</u>	01/31/2019	INSPECTION SERVICES INSPECTIONS	0.00	3,103.75	
<u>111079</u>	Invoice <u>100-3100-7067-0000</u>	01/31/2019	INSPECTION SERVICES INSPECTIONS	0.00	1,210.75	
<u>111080</u>	Invoice <u>100-3100-7067-0000</u>	01/31/2019	INSPECTION SERVICES INSPECTIONS	0.00	189.00	
<u>111081</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	175.00	
<u>111082</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	175.00	
<u>111083</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	610.00	
<u>111084</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	485.00	
<u>111085</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	500.00	
<u>111086</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	535.76	
<u>111087</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	535.77	
<u>111090</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	634.05	
<u>111091</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	726.30	
<u>111093</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	1,971.25	
<u>111095</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	807.00	
<u>111097</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	1,695.00	
<u>111098</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	162.21	
<u>111099</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	1,028.75	
<u>111100</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	1,094.89	
<u>111101</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	1,129.80	
<u>111495</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	160.13	
<u>111498</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	892.94	
<u>111499</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	592.50	
<u>111503</u>	Invoice <u>100-3100-7063-0000</u>	01/31/2019	ENGINEERING PLAN CHECK & ON CALL SU PLAN CHECK FEES	0.00	5,356.25	
<u>111639</u>	Invoice <u>100-3100-7067-0000</u>	01/31/2019	INSPECTION SERVICES INSPECTIONS	0.00	1,877.50	

Check Report

Date Range: 01/24/2019 - 01/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<u>111640</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	1,011.75	
	<u>100-3100-7067-0000</u>		INSPECTIONS		1,011.75	
<u>111650</u>	Invoice	01/31/2019	INSPECTION SERVICES	0.00	539.25	
	<u>100-3100-7067-0000</u>		INSPECTIONS		539.25	
	Void	01/31/2019	Regular	0.00	0.00	100951
	Void	01/31/2019	Regular	0.00	0.00	100952
	Void	01/31/2019	Regular	0.00	0.00	100953
2009	O'REILLY AUTO PARTS	01/31/2019	Regular	0.00	467.59	100954
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>2678-165367</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	15.51	
	<u>100-2000-7037-0000</u>		VEHICLE MAINTENANCE		15.51	
<u>2678-165425</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	92.58	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE		92.58	
<u>2678-165537</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	153.41	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE		153.41	
<u>2678-165607</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	139.62	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE		139.62	
<u>2678-165870</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	57.86	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE		57.86	
<u>2678-165889</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	8.61	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE		8.61	
3502	OSBORNE RINCON CPAS	01/31/2019	Regular	0.00	2,500.00	100955
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>240363</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	2,500.00	
	<u>100-9563-7300-0000</u>		CONTRACTUAL SERVICES		2,500.00	
2023	P&P UNIFORMS RIV	01/31/2019	Regular	0.00	31.24	100956
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>418356/4</u>	Invoice	01/30/2019	EMPLOYEE UNIFORMS	0.00	31.24	
	<u>100-2050-7065-0000</u>		UNIFORMS		31.24	
2039	PARKHOUSE TIRE, INC.	01/31/2019	Regular	0.00	1,438.78	100957
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>2030172834</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	1,063.96	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE		1,063.96	
<u>2030173134</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	374.82	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE		374.82	
2076	PRINTING & PROMOTION PLUS, INC.	01/31/2019	Regular	0.00	303.47	100958
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>71119</u>	Invoice	01/30/2019	OFFICE SUPPLIES	0.00	303.47	
	<u>100-1200-7025-0000</u>		OFFICE SUPPLIES		303.47	
2083	PROFORMA	01/31/2019	Regular	0.00	104.09	100959
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>9015602562</u>	Invoice	01/30/2019	OFFICE SUPPLIES	0.00	104.09	
	<u>100-2050-7025-0000</u>		OFFICE SUPPLIES		104.09	
2092	PURCHASE POWER-2540	01/31/2019	Regular	0.00	1,005.00	100960

Check Report

Date Range: 01/24/2019 - 01/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
8000-9000-0098	Invoice	01/30/2019	POSTAGE SERVICE	0.00	1,005.00	
	100-1200-7058-0000		CONTRACTUAL SERVICES		1,005.00	
2098	QUILL CORPORATON	01/31/2019	Regular	0.00	82.68	100961
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
3542689	Invoice	01/30/2019	OFFICE SUPPLIES	0.00	82.68	
	100-1200-7025-0000		OFFICE SUPPLIES		45.47	
	100-1350-7025-0000		OFFICE SUPPLIES		37.21	
2126	REDLANDS FORD	01/31/2019	Regular	0.00	23.13	100962
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
6205942/2	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	23.13	
	100-2050-7037-0000		VEHICLE MAINTENANCE		23.13	
2135	RESOURCE BUILDING MATERIALS	01/31/2019	Regular	0.00	9.12	100963
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
2547903	Invoice	01/30/2019	BUILDING SUPPLIES	0.00	9.12	
	100-2050-7025-0000		BUILDING SUPPLIES/MAI		9.12	
2196	ROBERTSON'S	01/31/2019	Regular	0.00	844.00	100964
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
377748	Invoice	01/31/2019	DEPARTMENT SUPPLIES - STREETS	0.00	844.00	
	100-3250-7070-0000		SPECIAL DEPT SUPPLIES		844.00	
2218	RYAN BRIEDA	01/31/2019	Regular	0.00	200.00	100965
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
01/21/19	Invoice	01/30/2019	REIMBURSEMENT FOR K9 KENNEL	0.00	200.00	
	100-2080-7070-0000		SPECIAL DEPT SUPPLIES		200.00	
2226	SAFELITE AUTO GLASS	01/31/2019	Regular	0.00	75.37	100966
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
05076-195248	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	75.37	
	100-2050-7037-0000		VEHICLE MAINTENANCE		75.37	
2267	SGP DESIGN AND PRINT	01/31/2019	Regular	0.00	41.55	100967
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
10947	Invoice	01/30/2019	DEPT SUPPLIES	0.00	41.55	
	750-7000-7070-0000		SPECIAL DEPT SUPPLIES		41.55	
2309	SOUTH COAST AQMD	01/31/2019	Regular	0.00	23,234.29	100968
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
01/31/19	Invoice	01/31/2019	WWTP PERMITS	0.00	23,234.29	
	710-0000-8030-0000		CAPITAL IMPROVEMENT		14,230.75	
	710-0000-8030-0000		CAPITAL IMPROVEMENT		4,501.77	
	710-0000-8030-0000		CAPITAL IMPROVEMENT		4,501.77	
2360	STRADLING YOCCA CARLSON & RAUTH	01/31/2019	Regular	0.00	28,688.88	100969

Check Report

Date Range: 01/24/2019 - 01/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>GENERAL BOND</u>	Invoice	01/30/2019	LEGAL SERVICES	0.00	28,688.88	
	<u>120-9663-7300-0000</u>		CONTRACTUAL SERVICES		28,688.88	
2405	THE COUNSELING TEAM	01/31/2019	Regular	0.00	1,300.00	100970
<u>71121</u>	Invoice	01/30/2019	HIRING COSTS	0.00	300.00	
	<u>100-1240-6050-0000</u>		RECRUITMENT AND HIRI		300.00	
<u>71301</u>	Invoice	01/31/2019	The Counseling Team	0.00	1,000.00	
	<u>100-2050-7068-0000</u>		CONTRACTUAL SERVICES		1,000.00	
2435	TLMA ADMINISTRATION COUNTY OF RIV	01/31/2019	Regular	0.00	217.62	100971
<u>TL0000014485</u>	Invoice	01/31/2019	TRAFFIC SIGNALS	0.00	217.62	
	<u>100-3250-7068-0000</u>		CONTRACTUAL SERVICES		217.62	
3310	UNITED WINDOW TINT	01/31/2019	Regular	0.00	40.00	100972
<u>VIN H1253863</u>	Invoice	01/30/2019	VEHICLE MAINTENANCE	0.00	40.00	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE		40.00	
2484	VERIZON	01/31/2019	Regular	0.00	798.21	100973
<u>9821120141</u>	Invoice	01/30/2019	PHONE UTILITY	0.00	798.21	
	<u>750-7200-7015-0000</u>		TELEPHONE		798.21	
2518	VULCAN MATERIALS	01/31/2019	Regular	0.00	1,210.80	100974
<u>72026214</u>	Invoice	01/31/2019	ASPHALT - STREETS	0.00	1,210.80	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES		1,210.80	
3248	WEBB MUNICIPAL FINANCE, LLC	01/31/2019	Regular	0.00	46,362.50	100975
<u>20180383</u>	Invoice	01/31/2019	CFD ADMINISTRATION & SPECIAL TAX CO	0.00	46,362.50	
	<u>250-0000-7068-0000</u>		CONTRACTUAL SERVICES		46,362.50	
2556	XYLEM WATER SOLUTIONS, INC	01/31/2019	Regular	0.00	3,490.94	100976
<u>3556A49317</u>	Invoice	01/30/2019	EQUIPMENT SUPPLIES & MAINTENANCE	0.00	3,490.94	
	<u>700-4050-7090-002X</u>		EQUIPMENT SUPPLIES/M		3,490.94	
2559	YORK INSURANCE SERVICES GROUP, INC	01/31/2019	Regular	0.00	8,887.50	100977
<u>500018403</u>	Invoice	01/30/2019	WORKERS COMP CLAIMS ADMIN FEES 01	0.00	8,887.50	
	<u>100-1240-7068-0000</u>		CONTRACTUAL SERVICES		8,887.50	

Check Report

Date Range: 01/24/2019 - 01/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
2594	CAL PERS	01/31/2019	Bank Draft	0.00	94,356.80	DFT0001080
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>INVO000035</u>	Invoice	01/28/2019	PERS UNFUNDED LIABILITY JAN 2019	0.00	94,356.80	
	<u>100-0000-2130-0000</u>		P.E.R.S. LIABILITY		172.77	
	<u>100-0000-2130-0000</u>		P.E.R.S. LIABILITY		85.49	
	<u>100-0000-2130-0000</u>		P.E.R.S. LIABILITY		64,088.44	
	<u>100-0000-2130-0000</u>		P.E.R.S. LIABILITY		30,010.10	

Bank Code APBNK Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	188	65	0.00	822,133.02
Manual Checks	0	0	0.00	0.00
Voided Checks	0	4	0.00	0.00
Bank Drafts	1	1	0.00	94,356.80
EFT's	2	2	0.00	2,823,490.35
	191	72	0.00	3,739,980.17

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	188	65	0.00	822,133.02
Manual Checks	0	0	0.00	0.00
Voided Checks	0	4	0.00	0.00
Bank Drafts	1	1	0.00	94,356.80
EFT's	2	2	0.00	2,823,490.35
	191	72	0.00	3,739,980.17

Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	1/2019	3,739,980.17
			3,739,980.17





WARRANTS TO BE RATIFIED

Thursday, February 7, 2019

Printed Checks	101055-101131	\$	504,171.65	FY 18/19
ACH	121	\$	2,433.92	ICMA-RC
	122	\$	2,693.50	SEIU
	123	\$	292,809.00	WRCOG
	A/P Total	\$	<u>802,108.07</u>	
Voided Checks	100978-101054			Printing Error
Wire	N/A			
Bank Drafts	Affant Communication	\$	548.00	Phone service Feb-19
	Authnet	\$	244.65	Monthly Credit Card Fees
	Worldpay	\$	6,960.66	Monthly Credit Card Fees
	Declined Utility Payments	\$	203.86	Automatic Payments

I DO HEREBY CERTIFY THIS WARRANT LIST HAS BEEN COMPILED AND PREPARED TO MEET THE DAILY OPERATIONS FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019

SIGNATURE: 
 TITLE: CITY TREASURER

SIGNATURE: 
 TITLE: FINANCE DIRECTOR



City of Beaumont, CA

Check Report

By Check Number

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
3229	ICMA - RC	02/07/2019	EFT	0.00	2,433.92	121
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>PD 1/18/19 - 2/1/</u>	Invoice	02/06/2019	EMPLOYEE BENEFIT	0.00	2,433.92	
	<u>100-0000-2075-0000</u>		DEFERRED COMPENSATI		1,383.92	
	<u>100-1200-6026-0000</u>		DEFERRED COMP		1,050.00	
2264	SEIU	02/07/2019	EFT	0.00	2,693.50	122
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>PD 1/18/19-2/1/</u>	Invoice	02/06/2019	EMPLOYEE DUES	0.00	2,693.50	
	<u>100-0000-2061-0000</u>		P.E.R.C. DUES & INS		2,693.50	
3101	WRCOG	02/07/2019	EFT	0.00	292,809.00	123
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>JAN 2019</u>	Invoice	02/07/2019	JANUARY TUMF FEES	0.00	292,809.00	
	<u>570-0000-2010-0000</u>		DUE TO WRCOG (TUMF)		292,809.00	
1023	ADVANCED WORKPLACE STRATEGIES	02/07/2019	Regular	0.00	171.00	101055
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>394569</u>	Invoice	02/06/2019	RECRUITMENT	0.00	171.00	
	<u>100-1240-6050-0000</u>		RECRUITMENT AND HIRI		171.00	
1033	AL'S KUBOTA TRACTOR	02/07/2019	Regular	0.00	282.84	101056
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>138661</u>	Invoice	02/06/2019	EQUIPMENT SUPPLIES/MAINT	0.00	282.84	
	<u>100-6050-7090-0000</u>		EQUIPMENT SUPPLIES/M		282.84	
3508	ALYSSA MARTINEZ	02/07/2019	Regular	0.00	40.00	101057
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>RCT 867054</u>	Invoice	02/04/2019	DEPOSIT REFUND	0.00	40.00	
	<u>100-0000-4590-0000</u>		BUILDING RENTAL		40.00	
1050	AMAZON CAPITAL SERVICES	02/07/2019	Regular	0.00	338.13	101058
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>1J61-7R6W-DTW</u>	Invoice	02/06/2019	OFFICE SUPPLIES	0.00	163.96	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE		163.96	
<u>1J7L-3LND-TY4Q</u>	Invoice	02/06/2019	OFFICE SUPPLIES	0.00	52.41	
	<u>750-7000-7025-0000</u>		OFFICE SUPPLIES		37.43	
	<u>750-7300-7025-0000</u>		OFFICE SUPPLIES		14.98	
<u>1TPT-QVHM-GTR</u>	Invoice	02/06/2019	OFFICE SUPPLIES	0.00	48.27	
	<u>100-1200-7025-0000</u>		OFFICE SUPPLIES		48.27	
<u>1WCM-PFDR-GM</u>	Invoice	02/06/2019	OFFICE SUPPLIES	0.00	73.49	
	<u>100-1200-7025-0000</u>		OFFICE SUPPLIES		73.49	
3467	AMERICAN ENVIRONMENTAL GROUP, INC	02/07/2019	Regular	0.00	2,130.00	101059

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>36168</u>	Invoice <u>100-6000-7068-6040</u>	02/06/2019	CONTRACTUAL SERVICES CONTRACTUAL SVC- POLI	0.00	2,130.00	✓
1100	AUTOZONE	02/07/2019	Regular	0.00	73.22	101060
<u>2882773743</u>	Invoice <u>750-7300-7037-0000</u>	02/06/2019	VEHICLE MAINTENANCE VEHICLE MAINTENANCE	0.00	49.54	
<u>2882776062</u>	Invoice <u>100-6050-7037-0000</u>	02/06/2019	VEHICLE MAINTENANCE VEHICLE MAINTENANCE	0.00	23.68	
1005	A-Z BUS SALES, INC.	02/07/2019	Regular	0.00	541.66	101061
<u>01P670886</u>	Invoice <u>750-7600-7037-0000</u>	02/06/2019	VEHICLE MAINTENANCE VEHICLE MAINTENANCE	0.00	122.16	
<u>01P671611</u>	Invoice <u>750-7300-7037-0000</u>	02/06/2019	VEHICLE MAINTENANCE VEHICLE MAINTENANCE	0.00	119.50	
<u>01S514787</u>	Invoice <u>750-7200-7037-0000</u>	02/04/2019	VEHICLE MAINTENANCE VEHICLE MAINTENANCE	0.00	300.00	
1127	BEAUMONT DO IT BEST HOME CENTER	02/07/2019	Regular	0.00	813.54	101062
<u>465845</u>	Invoice <u>100-6050-7070-5500</u>	02/06/2019	SPECIAL DEPT SUPPLIES SPEC DEPT EXP - STEWAR	0.00	50.38	
<u>466602</u>	Invoice <u>100-6000-7085-6040</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT - POLICE DE	0.00	6.76	
<u>466639</u>	Invoice <u>100-6000-7085-6040</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT - POLICE DE	0.00	92.40	
<u>466663</u>	Invoice <u>100-6000-7085-6040</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT - POLICE DE	0.00	13.07	
<u>466688</u>	Invoice <u>100-6000-7085-6040</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT - POLICE DE	0.00	41.34	
<u>466872</u>	Invoice <u>100-6000-7085-6040</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT - POLICE DE	0.00	20.34	
<u>466907</u>	Invoice <u>100-6000-7085-6040</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT - POLICE DE	0.00	39.93	
<u>466910</u>	Invoice <u>100-6000-7085-6040</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT - POLICE DE	0.00	34.90	
<u>466961</u>	Invoice <u>100-6000-7085-6040</u> <u>100-6050-7070-0000</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT - POLICE DE SPECIAL DEPT SUPPLIES	0.00	36.06 26.12 9.94	
<u>466979</u>	Invoice <u>100-6050-7070-5600</u>	02/06/2019	SPECIAL DEPT SUPPLIES SPEC DEPT EXP - TREVINO	0.00	28.44 28.44	
<u>467030</u>	Invoice <u>100-6000-7085-6040</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT - POLICE DE	0.00	25.84 25.84	
<u>467070</u>	Invoice <u>100-6000-7085-6045</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT- COMMUNI	0.00	99.25 99.25	
<u>467076</u>	Invoice <u>750-7300-7037-0000</u>	02/06/2019	BUILDING SUPPLIES/MAINT VEHICLE MAINTENANCE	0.00	18.02 18.02	
<u>467080</u>	Invoice <u>100-3250-7070-0000</u>	02/06/2019	DEPARTMENT SUPPLIES - STREETS SPECIAL DEPT SUPPLIES	0.00	18.48 18.48	

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<u>467135</u>	Invoice <u>100-3250-7070-0000</u>	02/06/2019	DEPARTMENT SUPPLIES - STREETS SPECIAL DEPT SUPPLIES	0.00	27.62	
<u>467164</u>	Invoice <u>100-6000-7085-6040</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT - POLICE DE	0.00	10.65	
<u>467165</u>	Invoice <u>100-6050-7070-0000</u>	02/06/2019	SPECIAL DEPARTMENT SUPPLIES SPECIAL DEPT SUPPLIES	0.00	47.50	
<u>467203</u>	Invoice <u>100-6050-7070-5600</u>	02/06/2019	SPECIAL DEPARTMENT SUPPLIES SPEC DEPT EXP - TREVINO	0.00	6.77	
<u>467214</u>	Invoice <u>700-4050-7070-0000</u>	02/06/2019	DEPARTMENT SUPPLIES - SEWER SPECIAL DEPT SUPPLIES	0.00	15.26	
<u>467299</u>	Invoice <u>100-6000-7085-6060</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT- 713 W 4TH	0.00	77.85	
<u>467377</u>	Invoice <u>100-6050-7037-0000</u>	02/06/2019	VEHICLE MAINTENANCE VEHICLE MAINTENANCE	0.00	9.82	
<u>467488</u>	Invoice <u>100-6050-7070-0000</u> <u>100-6050-7090-0000</u>	02/06/2019	BUILDING SUPPLIES/MAINT SPECIAL DEPT SUPPLIES EQUIPMENT SUPPLIES/M	0.00	25.43 3.46 21.97	
<u>467555</u>	Invoice <u>100-6000-7085-6045</u> <u>100-6050-7070-5300</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT- COMMUNI SPEC DEPT EXP - SENECA	0.00	27.35 13.67 13.68	
<u>467556</u>	Invoice <u>100-6050-7070-5750</u>	02/06/2019	SPECIAL DEPT SUPPLIES SPECIAL DEPT SUPPLIES (	0.00	34.57	
<u>467772</u>	Invoice <u>750-7000-7085-0000</u>	02/06/2019	BUILDING SUPPLIES/MAINT BUILDING SUPPLIES/MAI	0.00	5.51	
	Void	02/07/2019	Regular	0.00	0.00	101063
1139	BEAUMONT POLICE OFFICERS ASSOCIATION	02/07/2019	Regular	0.00	4,910.00	101064
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>PD 1/4/19-1/18/</u>	Invoice	02/06/2019	DUES	0.00	4,910.00	
	<u>100-0000-2035-0000</u>		C.O.P.S. DUES		4,910.00	
1136	BEAUMONT POWER EQUIPMENT	02/07/2019	Regular	0.00	8.00	101065
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>86</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - STREETS SPECIAL DEPT SUPPLIES	0.00	8.00	
	<u>100-3250-7070-0000</u>		DEPARTMENT SUPPLIES - STREE		8.00	
1140	BEAUMONT SAFE & LOCK	02/07/2019	Regular	0.00	64.60	101066
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>71291</u>	Invoice	02/06/2019	SPECIAL DEPARTMENT SUPPLIES SPEC DEPT EXP - DEFORG	0.00	64.60	
	<u>100-6050-7070-5050</u>		SPECIAL DEPARTMENT SUPPLIES		64.60	
1242	CED	02/07/2019	Regular	0.00	5,409.76	101067
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>0954-466713</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL SPECIAL DEPT SUPPLIES	0.00	136.25	
	<u>100-3250-7070-0000</u>		DEPARTMENT SUPPLIES - ELECT		136.25	
<u>0954-466726</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL SPECIAL DEPT SUPPLIES	0.00	240.14	
	<u>100-3250-7070-0000</u>		DEPARTMENT SUPPLIES - ELECT		240.14	
<u>0954-466737</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL SPECIAL DEPT SUPPLIES	0.00	116.37	
	<u>100-3250-7070-0000</u>		DEPARTMENT SUPPLIES - ELECT		116.37	
<u>0954-466818</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL SPECIAL DEPT SUPPLIES	0.00	177.96	
	<u>100-3250-7070-0000</u>		DEPARTMENT SUPPLIES - ELECT		177.96	
<u>0954-467100</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	200.42	

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		200.42	
<u>0954-467108</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	481.64	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		481.64	
<u>0954-467361</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	177.96	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		177.96	
<u>0954-467384</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	344.26	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		344.26	
<u>0954-467654</u>	Invoice	02/06/2019	EQUIPMENT SUPPLIES/MAINT	0.00	79.68	
	<u>100-6000-7090-6045</u>		EQUIPMENT SUPPLIES/M EQUIPMENT SUPPLIES/MAINT		79.68	
<u>0954-467668</u>	Invoice	02/06/2019	BUILDING SUPPLIES/MAINT	0.00	164.05	
	<u>100-6000-7085-6045</u>		BLDG MAINT- COMMUNI BUILDING SUPPLIES/MAINT		164.05	
<u>0954-467870</u>	Invoice	02/06/2019	BUILDING SUPPLIES/MAINT	0.00	35.50	
	<u>100-6000-7085-6045</u>		BLDG MAINT- COMMUNI BUILDING SUPPLIES/MAINT		35.50	
<u>0954-467975</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	691.22	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		691.22	
<u>0954-468024</u>	Invoice	02/06/2019	EQUIPMENT SUPPLIES/MAINT	0.00	64.65	
	<u>100-6000-7090-6040</u>		EQUIPMENT SUPPLIES/M SPECIAL DEPARTMENT SUPPLIES		64.65	
<u>0954-468025</u>	Invoice	02/06/2019	BUILDING SUPPLIES/MAINT	0.00	35.50	
	<u>100-6000-7085-6025</u>		BLDG MAINT - CITY HALL BUILDING SUPPLIES/MAINT		35.50	
<u>0954-468075</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	126.07	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		126.07	
<u>0954-468140</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	84.05	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		84.05	
<u>0954-468167</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	168.09	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		168.09	
<u>0954-468309</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	417.02	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		417.02	
<u>0954-468391</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	139.00	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		139.00	
<u>0954-468510</u>	Invoice	02/06/2019	EQUIPMENT SUPPLIES/MAINT	0.00	544.14	
	<u>750-7200-7085-0000</u>		BUILDING SUPPLIES/MAI EQUIPMENT SUPPLIES/MAINT		544.14	
<u>0954-468580</u>	Invoice	02/06/2019	SPECIAL DEPARTMENT SUPPLIES	0.00	193.89	
	<u>100-6050-7070-6060</u>		SPEC DEPT EXP- 713 W 4T SPECIAL DEPARTMENT SUPPLIES		193.89	
<u>0954-468708</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	545.19	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		545.19	
<u>0954-468748</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	49.32	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		49.32	
<u>0954-468754</u>	Invoice	02/06/2019	SPECIAL DEPARTMENT SUPPLIES	0.00	19.43	
	<u>100-6050-7070-6060</u>		SPEC DEPT EXP- 713 W 4T SPECIAL DEPARTMENT SUPPLIES		19.43	
<u>0954-468772</u>	Invoice	02/06/2019	DEPARTMENT SUPPLIES - ELECTRICAL	0.00	177.96	
	<u>100-3250-7070-0000</u>		SPECIAL DEPT SUPPLIES DEPARTMENT SUPPLIES - ELECT		177.96	
	Void	02/07/2019	Regular	0.00	0.00	101068
3509	CEDAR LANMON	02/07/2019	Regular	0.00	750.00	101069
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>SF16-3604</u>	Invoice	02/06/2019	INSPECTION FEE REFUND	0.00	750.00	
	<u>100-3100-7067-0000</u>		INSPECTIONS INSPECTION FEE REFUND		750.00	
3509	CEDAR LANMON	02/07/2019	Regular	0.00	1,489.80	101070

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>RCT 00884306</u>	Invoice	02/06/2019	REFUND PLAN CHECK FEES	0.00	1,489.80	
	<u>100-0000-4330-0000</u>		BUILDING PLAN CHECK		1,489.80	
1258	CHERRY VALLEY NURSERY	02/07/2019	Regular	0.00	516.12	101071
<u>T1-0073276</u>	Invoice	02/06/2019	SPECIAL DEPARTMENT SUPPLIES	0.00	81.89	
	<u>100-6050-7070-5400</u>		SPEC DEPT EXP - SPORTS		81.89	
<u>T1-0073292</u>	Invoice	02/06/2019	SPECIAL DEPARTMENT SUPPLIES	0.00	106.67	
	<u>100-6050-7070-5400</u>		SPEC DEPT EXP - SPORTS		106.67	
<u>T1-0073294</u>	Invoice	02/06/2019	SPECIAL DEPARTMENT SUPPLIES	0.00	81.89	
	<u>100-6050-7070-5400</u>		SPEC DEPT EXP - SPORTS		81.89	
<u>T1-0073324</u>	Invoice	02/06/2019	SPECIAL DEPARTMENT SUPPLIES	0.00	81.89	
	<u>100-6050-7070-5400</u>		SPEC DEPT EXP - SPORTS		81.89	
<u>T1-0073341</u>	Invoice	02/06/2019	SPECIAL DEPARTMENT SUPPLIES	0.00	81.89	
	<u>100-6050-7070-5400</u>		SPEC DEPT EXP - SPORTS		81.89	
<u>T1-0073371</u>	Invoice	02/06/2019	SPECIAL DEPARTMENT SUPPLIES	0.00	81.89	
	<u>100-6050-7070-5400</u>		SPEC DEPT EXP - SPORTS		81.89	
1279	CIGNA HEALTH CARE	02/07/2019	Regular	0.00	49,964.49	101072
<u>2417214</u>	Invoice	02/06/2019	EMP INSURANCE	0.00	49,964.49	
	<u>100-1200-6020-0000</u>		HEALTH INSURANCE		1,773.43	
	<u>100-1225-6020-0000</u>		HEALTH INSURANCE		4,395.08	
	<u>100-1550-6020-0000</u>		HEALTH INSURANCE		1,266.30	
	<u>100-2000-6020-0000</u>		HEALTH INSURANCE		1,949.29	
	<u>100-2030-6020-0000</u>		HEALTH INSURANCE		1,618.41	
	<u>100-2050-6020-0000</u>		HEALTH INSURANCE		11,207.39	
	<u>100-2090-6020-0000</u>		HEALTH INSURANCE		4,747.20	
	<u>100-3100-6020-0000</u>		HEALTH INSURANCE		-1,229.39	
	<u>100-3250-6020-0000</u>		HEALTH INSURANCE		1,618.41	
	<u>100-6050-6020-0000</u>		HEALTH INSURANCE		9,444.59	
	<u>700-4050-6020-0000</u>		HEALTH INSURANCE		3,240.47	
	<u>750-7000-6020-0000</u>		HEALTH INSURANCE		3,236.82	
	<u>750-7100-6020-0000</u>		HEALTH INSURANCE		1,618.41	
	<u>750-7200-6020-0000</u>		HEALTH INSURANCE		2,992.22	
	<u>750-7300-6020-0000</u>		HEALTH INSURANCE		1,042.93	
	<u>750-7400-6020-0000</u>		HEALTH INSURANCE		1,042.93	
1282	CINTAS CORPORATION #698	02/07/2019	Regular	0.00	1,138.51	101073
<u>4015419841</u>	Invoice	02/06/2019	UNIFORMS	0.00	337.56	
	<u>100-6050-7065-0000</u>		UNIFORMS		337.56	
<u>4015710092</u>	Invoice	02/06/2019	UNIFORMS	0.00	347.71	
	<u>100-6050-7065-0000</u>		UNIFORMS		347.71	
<u>698456496</u>	Invoice	02/06/2019	UNIFORMS	0.00	453.24	
	<u>100-6050-7065-0000</u>		UNIFORMS		453.24	
1285	CITY OF BANNING	02/07/2019	Regular	0.00	70.66	101074
<u>74105-54930 2/1</u>	Invoice	02/06/2019	SHARED TRAFFIC SIGNAL UTILITY @ HS W	0.00	70.66	
	<u>100-3250-7010-0000</u>		UTILITIES		70.66	

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1287	CITY OF CALIMESA	02/07/2019	Regular	0.00	600.00	101075
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>JANUARY 2019</u>	Invoice	02/07/2019	JANUARY PERMIT FEES	0.00	600.00	
	<u>100-0000-2230-0000</u>		DEVELOPMENT FEE - DUE		600.00	
1296	CLARK'S TOWING	02/07/2019	Regular	0.00	375.00	101076
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>515829</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	250.00	
	<u>750-7400-7037-0000</u>		VEHICLE MAINTENANCE		250.00	
<u>53408</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	125.00	
	<u>100-3250-7037-0000</u>		VEHICLE MAINTENANCE		125.00	
1302	CLINICAL LABORATORY OF SAN BERNARDINO, I	02/07/2019	Regular	0.00	9,088.00	101077
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>965965</u>	Invoice	02/06/2019	LAB SERVICES FOR THE WWTP	0.00	4,405.00	
	<u>700-4050-7070-0000</u>		SPECIAL DEPT SUPPLIES		4,405.00	
<u>965965-1</u>	Invoice	02/06/2019	SPECIAL DEPT SUPPLIES	0.00	4,683.00	
	<u>700-4050-7070-0000</u>		SPECIAL DEPT SUPPLIES		4,683.00	
1310	COLONIAL LIFE	02/07/2019	Regular	0.00	632.56	101078
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>CD 12/07/18-12/</u>	Invoice	02/06/2019	EMP BENIFITS	0.00	632.56	
	<u>100-0000-2051-0000</u>		COLONIAL INS-WITHHOL		632.56	
1344	CREATIVE BUS SALES, INC	02/07/2019	Regular	0.00	96.35	101079
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>5160528</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	96.35	
	<u>750-7400-7037-0000</u>		VEHICLE MAINTENANCE		96.35	
1353	CUSTOM TROPHIES	02/07/2019	Regular	0.00	28.02	101080
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>017097</u>	Invoice	02/06/2019	OFFICE SUPPLIES	0.00	28.02	
	<u>750-7000-7025-0000</u>		OFFICE SUPPLIES		28.02	
1424	DIRECTV	02/07/2019	Regular	0.00	139.23	101081
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>35766727815</u>	Invoice	02/06/2019	BUILDING UTILITY	0.00	139.23	
	<u>100-6000-7010-6045</u>		UTILITIES - COMMUNITY		139.23	
1446	DURA PLASTICS	02/07/2019	Regular	0.00	240.07	101082
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>961472</u>	Invoice	02/06/2019	SPECIAL DEPARTMENT SUPPLIES	0.00	240.07	
	<u>100-6050-7070-5999</u>		SPEC DEPT EXP - ALL PAR		240.07	
3513	ERNEST ELMER, INC	02/07/2019	Regular	0.00	6,149.23	101083
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>50940340</u>	Invoice	02/06/2019	BUILDING SUPPLIES/MAINT	0.00	4,905.40	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE		4,905.40	
<u>50940342</u>	Invoice	02/06/2019	BUILDING SUPPLIES/MAINT	0.00	611.93	
	<u>100-6050-7068-003X</u>		CONTRACTUAL SVC IA 3		611.93	

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<u>50940343</u>	Invoice <u>100-6000-7085-6040</u>	02/06/2019	BUILDING SUPPLIES/MAINT BLDG MAINT - POLICE DE	0.00	631.90 631.90	
1501	FAIRVIEW FORD	02/07/2019	Regular	0.00	8,093.69	101084
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>564858</u>	Invoice <u>100-6050-7037-0000</u>	02/06/2019	VEHICLE MAINTENANCE VEHICLE MAINTENANCE	0.00	156.87 156.87	
<u>565478</u>	Invoice <u>750-7000-7037-0000</u>	02/06/2019	VEHICLE MAINTENANCE VEHICLE MAINTENANCE	0.00	247.37 247.37	
<u>565596</u>	Invoice <u>100-6050-7037-0000</u>	02/06/2019	VEHICLE MAINTENANCE VEHICLE MAINTENANCE	0.00	112.45 112.45	
<u>568804</u>	Invoice <u>750-7400-7037-0000</u>	02/06/2019	VEHICLE MAINTENANCE VEHICLE MAINTENANCE	0.00	7,577.00 7,577.00	
1518	FLYERS ENERGY	02/07/2019	Regular	0.00	3,397.15	101085
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>CFS-1803817</u>	Invoice <u>750-7000-7050-0000</u> <u>750-7100-7050-0000</u> <u>750-7200-7050-0000</u> <u>750-7300-7050-0000</u> <u>750-7400-7050-0000</u>	02/06/2019	FUEL CARDS FUEL FUEL FUEL FUEL FUEL	0.00	2,007.62 0.66 50.88 1,556.23 0.67 399.18	
<u>CFS-1810238</u>	Invoice <u>750-7000-7050-0000</u> <u>750-7100-7050-0000</u> <u>750-7200-7050-0000</u> <u>750-7300-7050-0000</u> <u>750-7400-7050-0000</u> <u>750-7500-7050-0000</u>	02/06/2019	FUEL CARDS FUEL FUEL FUEL FUEL FUEL	0.00	1,389.53 0.66 110.38 948.93 0.67 251.57 77.32	
1533	FRONTIER COMMUNICATIONS	02/07/2019	Regular	0.00	112.55	101086
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>951-922-6646-04</u>	Invoice <u>700-4050-7015-0000</u>	02/06/2019	PHONE UTILITY TELEPHONE	0.00	112.55 112.55	
1554	GALLADE CHEMICAL, INC.	02/07/2019	Regular	0.00	1,104.44	101087
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>1060121</u>	Invoice <u>700-4050-7070-0000</u>	02/06/2019	CHEMICALS FOR WWTP SPECIAL DEPT SUPPLIES	0.00	1,104.44 1,104.44	
3042	GOLDEN STAR TECHNOLOGY, INC	02/07/2019	Regular	0.00	20,443.33	101088
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>INV28768</u>	Invoice <u>100-1230-7068-0000</u>	02/06/2019	IT SERVICES CONTRACTUAL SERVICES	0.00	20,443.33 20,443.33	
1624	HIGH TECH IRRIGATION, INC.	02/07/2019	Regular	0.00	443.27	101089
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>562804</u>	Invoice <u>100-6050-7070-5450</u>	02/06/2019	SPECIAL DEPT SUPPLIES SPEC DEPT EXP - STETSON	0.00	443.27 443.27	
1637	HOUSTON & HARRIS PCS, INC	02/07/2019	Regular	0.00	6,112.65	101090

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>19-21625</u>	Invoice	02/06/2019	ANNUAL SEWER CLEANING/DEBRIS REMO	0.00	673.75	
	<u>700-4050-7068-0000</u>		CONTRACTUAL SERVICES		673.75	
<u>19-21626</u>	Invoice	02/06/2019	ANNUAL SEWER CLEANING/DEBRIS REMO	0.00	245.00	
	<u>700-4050-7068-0000</u>		CONTRACTUAL SERVICES		245.00	
<u>19-21627</u>	Invoice	02/06/2019	ANNUAL SEWER CLEANING/DEBRIS REMO	0.00	5,193.90	
	<u>700-4050-7068-0000</u>		CONTRACTUAL SERVICES		5,193.90	
1679	INTERWEST CONSULTING GRP, INC.	02/07/2019	Regular	0.00	285.00	101091
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>46535</u>	Invoice	02/06/2019	GIS SERVICES FOR FY 18/19	0.00	285.00	
	<u>100-1350-7068-0000</u>		CONTRACTUAL SERVICES		285.00	
2527	JESUS CAMACHO	02/07/2019	Regular	0.00	90.00	101092
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>151118</u>	Invoice	02/06/2019	VEHICLE MAINT	0.00	90.00	
	<u>100-2150-7037-0000</u>		VEHICLE MAINTENANCE		90.00	
3453	JOVENVILLE, LLC	02/07/2019	Regular	0.00	5,000.00	101093
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>19-6059</u>	Invoice	02/06/2019	Creative Services	0.00	5,000.00	
	<u>750-7600-7020-0000</u>		ADVERTISING		5,000.00	
3476	JUAN P CERVANTES	02/07/2019	Regular	0.00	923.19	101094
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>14768</u>	Invoice	02/06/2019	UNIFORMS	0.00	923.19	
	<u>100-3100-7065-0000</u>		UNIFORMS		102.55	
	<u>100-3250-7065-0000</u>		UNIFORMS		512.90	
	<u>700-4050-7065-0000</u>		UNIFORMS		307.74	
1773	KAISER FOUNDATION HEALTH PLAN	02/07/2019	Regular	0.00	130,555.11	101095
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>FEBRUARY 2019</u>	Invoice	02/06/2019	HEALTH INSURANCE	0.00	130,555.11	
	<u>100-1200-6020-0000</u>		HEALTH INSURANCE		6,676.77	
	<u>100-1225-6020-0000</u>		HEALTH INSURANCE		1,192.31	
	<u>100-1230-6020-0000</u>		HEALTH INSURANCE		1,788.41	
	<u>100-1240-6020-0000</u>		HEALTH INSURANCE		-1,192.20	
	<u>100-1350-6020-0000</u>		HEALTH INSURANCE		1,788.41	
	<u>100-1550-6020-0000</u>		HEALTH INSURANCE		655.77	
	<u>100-2000-6020-0000</u>		HEALTH INSURANCE		4,172.92	
	<u>100-2050-6020-0000</u>		HEALTH INSURANCE		46,379.71	
	<u>100-2090-6020-0000</u>		HEALTH INSURANCE		12,638.21	
	<u>100-2150-6020-0000</u>		HEALTH INSURANCE		6,676.77	
	<u>100-3100-6020-0000</u>		HEALTH INSURANCE		6,557.65	
	<u>100-3250-6020-0000</u>		HEALTH INSURANCE		7,153.64	
	<u>100-6050-6020-0000</u>		HEALTH INSURANCE		14,784.37	
	<u>700-4050-6020-0000</u>		HEALTH INSURANCE		4,172.98	
	<u>750-7000-6020-0000</u>		HEALTH INSURANCE		3,040.28	
	<u>750-7100-6020-0000</u>		HEALTH INSURANCE		3,099.95	
	<u>750-7200-6020-0000</u>		HEALTH INSURANCE		4,292.32	
	<u>750-7300-6020-0000</u>		HEALTH INSURANCE		5,484.52	
	<u>750-7600-6020-0000</u>		HEALTH INSURANCE		1,192.32	
1827	LANGUAGE TESTING INTERNATIONAL	02/07/2019	Regular	0.00	210.00	101096

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>L22270-IN</u>	Invoice	02/06/2019	CONTRACTUAL SERVICES	0.00	210.00	
	<u>100-1240-7068-0000</u>		CONTRACTUAL SERVICES CONTRACTUAL SERVICES		210.00	
1895	M BREY ELECTRIC INC	02/07/2019	Regular	0.00	1,044.38	101097
<u>Payable #</u>	<u>Payable Type</u>	<u>Post Date</u>	<u>Payable Description</u>	<u>Discount Amount</u>	<u>Payable Amount</u>	
<u>Account Number</u>	<u>Account Name</u>	<u>Item Description</u>	<u>Distribution Amount</u>			
<u>4707</u>	Invoice	02/06/2019	BUILDING SUPPLIES/MAINT	0.00	1,044.38	
	<u>100-6000-7085-6055</u>		BLDG MAINT- FIRE STATIO BUILDING SUPPLIES/MAINT		1,044.38	
3510	MARIA ALCALA	02/07/2019	Regular	0.00	40.00	101098
<u>Payable #</u>	<u>Payable Type</u>	<u>Post Date</u>	<u>Payable Description</u>	<u>Discount Amount</u>	<u>Payable Amount</u>	
<u>Account Number</u>	<u>Account Name</u>	<u>Item Description</u>	<u>Distribution Amount</u>			
<u>RCT 874285</u>	Invoice	02/06/2019	DEPOSIT REFUND	0.00	40.00	
	<u>100-0000-4590-0000</u>		BUILDING RENTAL DEPOSIT REFUND		40.00	
1916	MARK THOMAS & COMPANY, INC	02/07/2019	Regular	0.00	1,148.00	101099
<u>Payable #</u>	<u>Payable Type</u>	<u>Post Date</u>	<u>Payable Description</u>	<u>Discount Amount</u>	<u>Payable Amount</u>	
<u>Account Number</u>	<u>Account Name</u>	<u>Item Description</u>	<u>Distribution Amount</u>			
<u>32506</u>	Invoice	02/06/2019	DESIGN & CONSULTING SERVICES AMEND	0.00	1,148.00	
	<u>500-0000-7068-0000</u>		CONTRACTUAL SERVICE DESIGN & CONSULTING SERVICE		1,148.00	
3511	MARY REYES	02/07/2019	Regular	0.00	112.94	101100
<u>Payable #</u>	<u>Payable Type</u>	<u>Post Date</u>	<u>Payable Description</u>	<u>Discount Amount</u>	<u>Payable Amount</u>	
<u>Account Number</u>	<u>Account Name</u>	<u>Item Description</u>	<u>Distribution Amount</u>			
<u>2/4/19</u>	Invoice	02/06/2019	REIMBURSE FOR COUNCIL BUDGE WORKS	0.00	112.94	
	<u>100-1200-7035-0000</u>		LOCAL MEETINGS REIMBURSE FOR COUNCIL BUD		112.94	
1980	MYERS TIRE SUPPLY	02/07/2019	Regular	0.00	654.10	101101
<u>Payable #</u>	<u>Payable Type</u>	<u>Post Date</u>	<u>Payable Description</u>	<u>Discount Amount</u>	<u>Payable Amount</u>	
<u>Account Number</u>	<u>Account Name</u>	<u>Item Description</u>	<u>Distribution Amount</u>			
<u>81421316</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	654.10	
	<u>750-7300-7037-0000</u>		VEHICLE MAINTENANCE VEHICLE MAINTENANCE		654.10	
1984	NAPA AUTO PARTS	02/07/2019	Regular	0.00	1,378.57	101102
<u>Payable #</u>	<u>Payable Type</u>	<u>Post Date</u>	<u>Payable Description</u>	<u>Discount Amount</u>	<u>Payable Amount</u>	
<u>Account Number</u>	<u>Account Name</u>	<u>Item Description</u>	<u>Distribution Amount</u>			
<u>067996</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	199.12	
	<u>750-7300-7037-0000</u>		VEHICLE MAINTENANCE VEHICLE MAINTENANCE		199.12	
<u>071994</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	3.02	
	<u>100-6050-7037-0000</u>		VEHICLE MAINTENANCE VEHICLE MAINTENANCE		3.02	
<u>072523</u>	Credit Memo	11/14/2018	VEHICLE MAINTENANCE	0.00	-38.79	
	<u>750-7300-7037-0000</u>		VEHICLE MAINTENANCE VEHICLE MAINTENANCE		-38.79	
<u>076819</u>	Credit Memo	02/06/2019	VEHICLE MAINTENANCE	0.00	-21.00	
	<u>100-6050-7037-0000</u>		VEHICLE MAINTENANCE VEHICLE MAINTENANCE		-21.00	
<u>076847</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	46.66	
	<u>100-6050-7037-0000</u>		VEHICLE MAINTENANCE VEHICLE MAINTENANCE		46.66	
<u>077270</u>	Invoice	02/06/2019	SPECIAL DEPT SUPPLIES	0.00	5.92	
	<u>100-6050-7070-0000</u>		SPECIAL DEPT SUPPLIES SPECIAL DEPT SUPPLIES		5.92	
<u>077550</u>	Invoice	02/06/2019	EQUIPMENT	0.00	176.70	
	<u>760-0000-8040-0000</u>		EQUIPMENT EQUIPMENT		176.70	
<u>077719</u>	Invoice	02/06/2019	SPECIAL DEPT SUPPLIES	0.00	3.21	
	<u>100-6050-7070-0000</u>		SPECIAL DEPT SUPPLIES SPECIAL DEPT SUPPLIES		3.21	
<u>077837</u>	Invoice	02/06/2019	EQUIPMENT	0.00	162.15	
	<u>760-0000-8040-0000</u>		EQUIPMENT EQUIPMENT		162.15	
<u>077936</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	32.30	

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
	<u>750-7300-7037-0000</u>		VEHICLE MAINTENANCE		32.30	
<u>078104</u>	Invoice	02/06/2019	SPECIAL DPT SUPPLIES	0.00	32.75	
	<u>100-6050-7070-0000</u>		SPECIAL DEPT SUPPLIES		32.75	
<u>078341</u>	Invoice	02/06/2019	EQUIPMENT	0.00	724.92	
	<u>760-0000-8040-0000</u>		EQUIPMENT		724.92	
<u>078388</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	20.76	
	<u>750-7100-7037-0000</u>		VEHICLE MAINTENANCE		20.76	
<u>078390</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	17.25	
	<u>750-7100-7037-0000</u>		VEHICLE MAINTENANCE		17.25	
<u>078468</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	10.67	
	<u>750-7300-7037-0000</u>		VEHICLE MAINTENANCE		10.67	
<u>078573</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	2.93	
	<u>750-7200-7037-0000</u>		VEHICLE MAINTENANCE		2.93	
	Void	02/07/2019	Regular	0.00	0.00	101103
3512	NEIGHBORHOOD PARTNERSHIP HOUSING SERV.	02/07/2019	Regular	0.00	342.60	101104
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>06-001990-04</u>	Invoice	02/06/2019	REIMBURSEMENT ON FINALED UTILITY A	0.00	342.60	
	<u>100-0000-1400-0000</u>		A/R - UTILITIES		342.60	
2009	O'REILLY AUTO PARTS	02/07/2019	Regular	0.00	240.33	101105
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>2678-165368</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	21.46	
	<u>750-7300-7037-0000</u>		VEHICLE MAINTENANCE		21.46	
<u>2678-165833</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	19.23	
	<u>750-7100-7037-0000</u>		VEHICLE MAINTENANCE		19.23	
<u>2678-166363</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	20.46	
	<u>100-3250-7037-0000</u>		VEHICLE MAINTENANCE		20.46	
<u>2678-166774</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	117.81	
	<u>100-6050-7037-0000</u>		VEHICLE MAINTENANCE		117.81	
<u>2678-166925</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	4.46	
	<u>100-6050-7037-0000</u>		VEHICLE MAINTENANCE		4.46	
<u>2678-166959</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	16.87	
	<u>750-7300-7037-0000</u>		VEHICLE MAINTENANCE		16.87	
<u>2678-167001</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	40.04	
	<u>100-6050-7037-0000</u>		VEHICLE MAINTENANCE		40.04	
2026	PACIFIC ALARM SERVICE	02/07/2019	Regular	0.00	414.51	101106
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>P 101012</u>	Invoice	02/06/2019	ALARM SERVICES	0.00	204.51	
	<u>100-6000-7087-6025</u>		SECURITY - CITY HALL		204.51	
<u>P 101098</u>	Invoice	02/06/2019	ALARM SERVICES	0.00	210.00	
	<u>100-6000-7087-6025</u>		SECURITY - CITY HALL		210.00	
2039	PARKHOUSE TIRE, INC.	02/07/2019	Regular	0.00	5,022.32	101107
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>2010591423</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	172.64	
	<u>100-6050-7037-0000</u>		VEHICLE MAINTENANCE		172.64	
<u>2030172149</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	765.13	
	<u>750-7300-7037-0000</u>		VEHICLE MAINTENANCE		765.13	
<u>2030172366</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	389.27	
	<u>100-2050-7037-0000</u>		VEHICLE MAINTENANCE		139.96	

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
	<u>750-7100-7037-0000</u>	VEHICLE MAINTENANCE	VEHICLE MAINTENANCE		249.31	
<u>2030172833</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	1,378.52	
	<u>750-7400-7037-0000</u>	VEHICLE MAINTENANCE	VEHICLE MAINTENANCE		976.14	
	<u>750-7600-7037-0000</u>	VEHICLE MAINTENANCE	VEHICLE MAINTENANCE		402.38	
<u>2030172925</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	795.88	
	<u>750-7400-7037-0000</u>	VEHICLE MAINTENANCE	VEHICLE MAINTENANCE		795.88	
<u>2030173032</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	760.44	
	<u>750-7400-7037-0000</u>	VEHICLE MAINTENANCE	VEHICLE MAINTENANCE		760.44	
<u>2030173034</u>	Invoice	02/06/2019	VEHICLE MAINTENANCE	0.00	760.44	
	<u>750-7100-7037-0000</u>	VEHICLE MAINTENANCE	VEHICLE MAINTENANCE		760.44	
2051	PAYCHEX HUMAN RESOURCES SERVICES	02/07/2019	Regular	0.00	700.00	101108
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>9949708 2/4/19</u>	Invoice	02/06/2019	TIMECLOCK CHARGES	0.00	700.00	
	<u>100-1240-7068-0000</u>	CONTRACTUAL SERVICES	TIMECLOCK CHARGES		350.00	
	<u>700-4050-7068-0000</u>	CONTRACTUAL SERVICES	TIMECLOCK CHARGES		70.00	
	<u>750-7000-7068-0000</u>	CONTRACTUAL SERVICES	TIMECLOCK CHARGES		9.80	
	<u>750-7100-7068-0000</u>	CONTRACTUAL SERVICES	TIMECLOCK CHARGES		19.60	
	<u>750-7200-7068-0000</u>	CONTRACTUAL SERVICES	TIMECLOCK CHARGES		100.80	
	<u>750-7300-7068-0000</u>	CONTRACTUAL SERVICES	TIMECLOCK CHARGES		140.00	
	<u>750-7400-7068-0000</u>	CONTRACTUAL EXPENSES	TIMECLOCK CHARGES		9.80	
2072	POLYDYNE, INC.	02/07/2019	Regular	0.00	5,745.57	101109
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>1316037</u>	Invoice	02/06/2019	CHEMICALS & SUPPLIES	0.00	5,745.57	
	<u>700-4050-7070-0000</u>	SPECIAL DEPT SUPPLIES	CHEMICALS & SUPPLIES		5,745.57	
2074	PRE-PAID LEGAL SERVICES INC	02/07/2019	Regular	0.00	772.10	101110
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>PD 1/18/19-02/1</u>	Invoice	02/06/2019	LEGAL SERVICES	0.00	772.10	
	<u>100-0000-2045-0000</u>	PRE PAID LEGAL	LEGAL SERVICES		772.10	
3003	PUBLIC SECTOR EXCELLENCE	02/07/2019	Regular	0.00	1,595.00	101111
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>3151</u>	Invoice	02/06/2019	PREPARING FOR SUPERVISION WORKSHO	0.00	1,595.00	
	<u>100-1240-7066-0000</u>	TRAVEL, EDUCATION, TRA	PREPARING FOR SUPERVISION		1,595.00	
2098	QUILL CORPORATON	02/07/2019	Regular	0.00	750.51	101112
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number		Account Name		Distribution Amount	
<u>3223208</u>	Invoice	02/06/2019	OFFICE SUPPLIES	0.00	490.07	
	<u>750-7000-7025-0000</u>	OFFICE SUPPLIES	OFFICE SUPPLIES		490.07	
<u>3466191</u>	Invoice	02/06/2019	OFFICE SUPPLIES	0.00	20.46	
	<u>750-7000-7025-0000</u>	OFFICE SUPPLIES	OFFICE SUPPLIES		20.46	
<u>3468209</u>	Invoice	02/06/2019	OFFICE SUPPLIES	0.00	82.54	
	<u>750-7000-7025-0000</u>	OFFICE SUPPLIES	OFFICE SUPPLIES		76.55	
	<u>750-7300-7025-0000</u>	OFFICE SUPPLIES	OFFICE SUPPLIES		5.99	
<u>3906921</u>	Invoice	02/06/2019	OFFICE SUPPLIES	0.00	82.95	
	<u>750-7300-7025-0000</u>	OFFICE SUPPLIES	OFFICE SUPPLIES		82.95	
<u>4444584</u>	Invoice	02/06/2019	OFFICE SUPPLIES	0.00	20.67	
	<u>750-7000-7025-0000</u>	OFFICE SUPPLIES	OFFICE SUPPLIES		20.67	
<u>4448184</u>	Invoice	02/06/2019	OFFICE SUPPLIES	0.00	53.82	
	<u>750-7000-7025-0000</u>	OFFICE SUPPLIES	OFFICE SUPPLIES		53.82	

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
3421	REDLANDS-YUCAIPA RENTALS, INC.	02/07/2019	Regular	0.00	1,320.00	101113
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>336755</u>	Invoice	02/06/2019	EQUIPMENT RENTAL	0.00	1,320.00	
	<u>100-6050-7075-003X</u>		EQUIPMENT LEASING/RE		990.00	
	<u>100-6050-7075-06A1</u>		EQUIPMENT LEASING/RE		330.00	
2135	RESOURCE BUILDING MATERIALS	02/07/2019	Regular	0.00	148.45	101114
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>2531649</u>	Invoice	02/06/2019	SPECIAL DEPT SUPPLIES	0.00	64.49	
	<u>100-6050-7070-0000</u>		SPECIAL DEPT SUPPLIES		64.49	
<u>2532133</u>	Invoice	02/06/2019	SPECIAL DEPT SUPPLIES	0.00	83.96	
	<u>100-6050-7070-0000</u>		SPECIAL DEPT SUPPLIES		83.96	
3436	RIGHT SOLUTION PLUMBING	02/07/2019	Regular	0.00	1,050.00	101115
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>8601</u>	Invoice	02/06/2019	BUILDING SUPPLIES/MAINT	0.00	550.00	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE		550.00	
<u>8602</u>	Invoice	02/06/2019	BUILDING SUPPLIES/MAINT	0.00	500.00	
	<u>100-6000-7085-6040</u>		BLDG MAINT - POLICE DE		500.00	
2209	ROW TRAFFIC SAFETY INC	02/07/2019	Regular	0.00	300.41	101116
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>41789</u>	Invoice	02/06/2019	SPECIAL DEPARTMENT SUPPLIES	0.00	300.41	
	<u>100-6050-7070-0000</u>		SPECIAL DEPT SUPPLIES		300.41	
2309	SOUTH COAST AQMD	02/07/2019	Regular	0.00	538.58	101117
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<u>3396511</u>	Invoice	02/06/2019	LICENSE PERMITS FEES	0.00	406.79	
	<u>100-6000-7022-6040</u>		LICENSE, PERMITS, FEES -		406.79	
<u>3399472</u>	Invoice	02/06/2019	LICENSE PERMITS FEES	0.00	131.79	
	<u>100-6000-7022-6040</u>		LICENSE, PERMITS, FEES -		131.79	
2311	SOUTHERN CALIFORNIA EDISON	02/07/2019	Regular	0.00	9,261.54	101118

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>2/11/19</u>	Invoice	02/06/2019	ELECTRIC UTILITY	0.00	9,261.54	
	<u>100-3250-7010-0000</u>	UTILITIES	ELECTRIC UTILITY		2,315.25	
	<u>100-3250-7010-007A</u>	UTILITIES (IA 7A)	ELECTRIC UTILITY		125.13	
	<u>100-3250-7010-007D</u>	UTILITIES (IA 7D)	ELECTRIC UTILITY		105.79	
	<u>100-3250-7010-008A</u>	UTILITIES (IA 8A)	ELECTRIC UTILITY		444.73	
	<u>100-3250-7010-008B</u>	UTILITIES (IA 8B)	ELECTRIC UTILITY		85.42	
	<u>100-3250-7010-008C</u>	UTILITIES (IA 8C)	ELECTRIC UTILITY		198.90	
	<u>100-3250-7010-008D</u>	UTILITIES (IA 8D)	ELECTRIC UTILITY		26.83	
	<u>100-3250-7010-010A</u>	UTILITIES (IA 10)	ELECTRIC UTILITY		54.17	
	<u>100-3250-7010-012A</u>	UTILITIES (IA 12)	ELECTRIC UTILITY		100.92	
	<u>100-3250-7010-014A</u>	UTILITIES (IA 14A)	ELECTRIC UTILITY		100.63	
	<u>100-3250-7010-014X</u>	UTILITIES (IA 14)	ELECTRIC UTILITY		78.83	
	<u>100-3250-7010-019A</u>	UTILITIES (IA 19A)	ELECTRIC UTILITY		191.50	
	<u>100-3250-7010-019C</u>	UTILITIES (IA 19C)	ELECTRIC UTILITY		234.18	
	<u>100-3250-7010-06A1</u>	UTILITIES (IA 6A1)	ELECTRIC UTILITY		363.23	
	<u>100-6050-7010-0000</u>	UTILITIES	ELECTRIC UTILITY		567.23	
	<u>100-6050-7010-002X</u>	UTILITIES IA 2	ELECTRIC UTILITY		129.80	
	<u>100-6050-7010-005X</u>	UTILITIES IA 5	ELECTRIC UTILITY		3,688.63	
	<u>100-6050-7010-007A</u>	UTILITIES IA 7A	ELECTRIC UTILITY		27.21	
	<u>100-6050-7010-5400</u>	UTILITIES, PARK (SPORTS	ELECTRIC UTILITY		365.26	
	<u>100-6050-7010-5500</u>	UTILITIES, PARK (STEWAR	ELECTRIC UTILITY		57.90	
2345	STATER BROS MARKETS	02/07/2019	Regular	0.00	81.39	101119
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>S9SS282</u>	Invoice	02/06/2019	RECREATION PROGRAMS	0.00	81.39	
	<u>100-1550-7040-0000</u>	RECREATION PROGRAMS	RECREATION PROGRAMS		81.39	
2407	THE GAS COMPANY	02/07/2019	Regular	0.00	304.13	101120
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>10552227000 02/</u>	Invoice	02/06/2019	GAS UTILITY	0.00	81.63	
	<u>100-6000-7010-6040</u>	UTILITIES - POLICE DEPT	GAS UTILITY		81.63	
<u>19782338008 02/</u>	Invoice	02/06/2019	GAS UTILITY	0.00	222.50	
	<u>100-6000-7010-6055</u>	UTILITIES - FIRE STATION	GAS UTILITY		222.50	
2430	TIME WARNER CABLE	02/07/2019	Regular	0.00	1,823.32	101121
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>0241971011519</u>	Invoice	02/06/2019	TELEPHONE UTILITY	0.00	1,823.32	
	<u>100-1230-7015-0000</u>	TELEPHONE	TELEPHONE UTILITY		1,823.32	
2442	TOP-LINE INDUSTRIAL SUPPLY	02/07/2019	Regular	0.00	46.40	101122
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>407984</u>	Invoice	02/06/2019	EQUIPMENT SUPPLIES/MAINT	0.00	46.40	
	<u>700-4050-7090-005X</u>	EQUIPMETN SUPPLIES/M	EQUIPMENT SUPPLIES/MAINT		46.40	
2889	TRANSTECH ENGINEERS, INC	02/07/2019	Regular	0.00	9,450.00	101123
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>20183137</u>	Invoice	02/06/2019	PROFESSIONAL ENG SERVICES FOR POTRE	0.00	9,450.00	
	<u>500-0000-7068-0000</u>	CONTRACTUAL SERVICE	PROFESSIONAL ENG SERVICES F		9,450.00	
2457	TYLER WORKS - TECHNOLOGIES	02/07/2019	Regular	0.00	50.00	101124

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
025-248235	Invoice	02/06/2019	CONTRACTUAL SERVICES	0.00	50.00	
	<u>100-1230-7068-0000</u>		CONTRACTUAL SERVICES		50.00	
2462	UNIFIRST CORPORATION	02/07/2019	Regular	0.00	744.06	101125
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
325 1363387	Invoice	02/06/2019	UNIFORMS	0.00	372.03	
	<u>100-3250-7065-0000</u>		UNIFORMS		53.90	
	<u>700-4050-7065-0000</u>		UNIFORMS		24.20	
	<u>750-7000-7065-0000</u>		UNIFORMS		212.53	
	<u>750-7400-7065-0000</u>		UNIFORMS		40.70	
	<u>750-7600-7065-0000</u>		UNIFORMS		40.70	
325 1373721	Invoice	02/06/2019	UNIFORMS	0.00	372.03	
	<u>100-3250-7065-0000</u>		UNIFORMS		53.90	
	<u>700-4050-7065-0000</u>		UNIFORMS		24.20	
	<u>750-7000-7065-0000</u>		UNIFORMS		212.53	
	<u>750-7400-7065-0000</u>		UNIFORMS		40.70	
	<u>750-7600-7065-0000</u>		UNIFORMS		40.70	
2468	UNITED WAY OF INLAND VALLEYS	02/07/2019	Regular	0.00	20.00	101126
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
PD 01/18/19-02/	Invoice	02/06/2019	OPTIONAL EMPLOYEE DONATION	0.00	20.00	
	<u>100-0000-2070-0000</u>		UNITED WAY CONTRIBUTI		20.00	
2474	UTILITY PARTNERS	02/07/2019	Regular	0.00	7,939.55	101127
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
47718-0918	Invoice	02/06/2019	MAINTENANCE - WWTP	0.00	4,968.03	
	<u>700-4050-7068-0000</u>		CONTRACTUAL SERVICES		4,968.03	
47718-1018	Invoice	02/06/2019	MAINTENANCE - WWTP	0.00	2,971.52	
	<u>700-4050-7068-0000</u>		CONTRACTUAL SERVICES		2,971.52	
2517	VOYAGER	02/07/2019	Regular	0.00	31,179.63	101128
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
869065003904	Invoice	02/06/2019	GAS CARDS	0.00	31,179.63	
	<u>100-1200-7050-0000</u>		FUEL		14.19	
	<u>100-1550-7050-0000</u>		FUEL		178.88	
	<u>100-2000-7050-0000</u>		FUEL		440.64	
	<u>100-2030-7050-0000</u>		FUEL		69.85	
	<u>100-2050-7050-0000</u>		FUEL		10,123.36	
	<u>100-2100-7050-0000</u>		FUEL		52.66	
	<u>100-2150-7050-0000</u>		FUEL		254.90	
	<u>100-3250-7050-0000</u>		FUEL		1,829.20	
	<u>100-6050-7050-0000</u>		FUEL		1,933.99	
	<u>700-4050-7050-0000</u>		FUEL		948.90	
	<u>750-7000-7050-0000</u>		FUEL		379.28	
	<u>750-7100-7050-0000</u>		FUEL		2,263.92	
	<u>750-7200-7050-0000</u>		FUEL		8,037.10	
	<u>750-7300-7050-0000</u>		FUEL		154.00	
	<u>750-7400-7050-0000</u>		FUEL		2,845.41	
	<u>750-7500-7050-0000</u>		FUEL		1,653.35	
3209	VPLS SOLUTIONS LLC	02/07/2019	Regular	0.00	619.92	101129

Check Report

Date Range: 02/01/2019 - 02/07/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
	Account Number	Account Name	Item Description	Distribution Amount		
<u>4519</u>	Invoice	02/06/2019	COMPUTER SUPPLIES/MAINT	0.00	619.92	
	<u>100-1230-7072-0000</u>		COMPUTER SUPPLIES/MA		619.92	
3422	WAXIE SANITARY SUPPLY	02/07/2019	Regular	0.00	531.67	101130
<u>77994680</u>	Invoice	02/06/2019	OFFICE SUPPLIES	0.00	531.67	
	<u>750-7000-7025-0000</u>		OFFICE SUPPLIES		531.67	
2540	WESTERN RIVERSIDE COUNTY REGIONAL CONS	02/07/2019	Regular	0.00	155,970.50	101131
<u>JANUARY 2019</u>	Invoice	02/07/2019	JANUARY MSHCP FEES	0.00	155,970.50	
	<u>570-0000-2005-0000</u>		DUE TO WRCRCA (MSHCP		155,970.50	

Bank Code APBNK Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	184	74	0.00	504,171.65
Manual Checks	0	0	0.00	0.00
Voided Checks	0	3	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	3	3	0.00	297,936.42
	187	80	0.00	802,108.07

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	184	74	0.00	504,171.65
Manual Checks	0	0	0.00	0.00
Voided Checks	0	3	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	3	3	0.00	297,936.42
	187	80	0.00	802,108.07

Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	2/2019	802,108.07
			802,108.07



MINUTES
City Council Workshop
Saturday, February 2, 2019
Council Chambers
550 E 6th St. Beaumont, Ca
Regular Session: 6:00 PM

WORKSHOP SESSION

CALL TO ORDER at 8:36 am

Present: Mayor Martinez, Mayor Pro Tem Santos, Council Member Carroll, Council Member Lara, and Council Member White

Action on any requests for excused absence: **None**

Pledge of Allegiance

Approval/Adjustments to Agenda: **None**

Conflict of Interest Disclosure: **None**

PUBLIC COMMENT PERIOD (ITEMS NOT ON THE AGENDA)

Any one person may address the City Council on any matter not on this agenda. If you wish to speak, please fill out a "Public Comment Form" provided at the back table and give to the City Clerk. There is a three (3) minute time limit on public comments. There will be no sharing or passing of time to another person. State Law prohibits the Council from discussing or taking actions brought up by your comments.

No speakers

ACTION ITEMS

1. Consider and Approve an Official Tagline for the City
Motion by Council Member White
Second by Council Member Carroll
 Council Member White
 Council Member Lara
 Council Member Carroll
 Mayor Pro Tem Santos
 Mayor Martinez
To choose tagline "A City Elevated"
Approved by a unanimous vote.
2. Adopt an Official Platform Regarding State and Federal Legislation Issues
Discussion of legislative concerns and direction.
3. Receive and Update and Provide Direction Regarding the Economic Development Strategic Plan

Presentation of Economic Development input from community stake holders and direction towards a strategic plan.

4. Discussion and Direction to City Staff Regarding the FY19-20 Budget
Discussion of projection and forecasts of revenue and population of the City.
5. Establish and Prioritize City Council Goals and Objectives
Council listed, prioritized and assigned each goal and objective.

ADJOURNMENT

Adjournment of the City Council of the February 2, 2019 Workshop Meeting at 2:33 p.m.

The next regular meeting of the Beaumont City Council, Beaumont Financing Authority, the Beaumont Successor Agency (formerly RDA), the Beaumont Utility Authority, the Beaumont Parking Authority and the Beaumont Public Improvement Agency is scheduled for Tuesday, February 5, 2019, at 5:00 p.m. or thereafter as noted on the posted Agenda for Closed Session items in the City Council Board Room No. 5, followed by the regular meeting at 6:00 p.m. or thereafter as noted on the posted Agenda at City Hall.

Beaumont City Hall – Online www.BeaumontCa.gov

Staff Report

TO: Mayor and City Council Members
 FROM: Melana Taylor, Director of Finance
 DATE: February 19, 2019
 SUBJECT: November and December 2018 Financial Reports

Background and Analysis:

The November 2018 and December 2018 Monthly Financial Reports are attached for review.

1. General Fund (summary level) – Actual versus Budget, current month and year end
2. General Fund (summary level) – current versus Prior Year, current month and year end
3. Waste Water Fund (summary level) – Actual versus Budget, current month and year end
4. Waste Water Fund (summary level) – Current versus Prior Year, current month and year end

The December 2018 Quarterly Financial Report is also attached for review.

5. Treasurer’s Report – Cash Account Reconciled Balance allocations by Fund

These financial reports were provided to the Finance and Audit Committee at their meeting on February 4, 2019.

The November financials should result in 58.3% of the budget remaining. The December financials should result in 50.0% of the budget remaining. Because the budget to actual variances can be deceiving, please note the following:

Revenues	Actual greater than Budget	Positive Overall Effect
	Actual less than Budget	Negative Overall Effect
Expenses	Actual greater than Budget	Negative Overall Effect
	Actual less than Budget	Positive Overall Effect

Bank reconciliations are completed as follows:

Pooled Cash (Citibank)	thru 2/6/19
Bank of Hemet:	
Payroll	thru 1/31/19
Gas Tax	thru 1/31/19
Workers Comp	thru 1/31/19
Seizure/Evidence	thru 1/31/19
Construction	thru 1/31/19
Trustee Accounts	thru 1/31/19
LAIF	thru 1/31/19

Fiscal Impact:

None.

Finance Director Review: 

Recommendation:

Receive and file.

City Manager Review: 

Attachments:

- A. November 2018 monthly financial reports.
- B. December 2018 monthly financial reports.
- C. December 2018 quarterly financial report.

CITY OF BEAUMONT

MONTHLY FINANCIAL REPORTING PACKAGE

**MONTH OF NOVEMBER 2018
AND FIVE MONTHS YEAR TO DATE**



City of Beaumont, CA

PRELIMINARY

GENERAL FUND
Income Statement - Budget to Actual
For the Five Months and Year to Date 11/30/2018

	Current Total Budget	November 2018 Activity	Year to Date Activity	Variance Favorable (Unfavorable)	% Remaining	FY18-19 Projection
REVENUES						
40 - TAXES	17,978,286.00	730,942.02	2,520,632.85	(15,457,653.15)	-85.98%	17,978,286.00
41 - LICENSES	212,100.00	4,768.15	74,181.93	(137,918.07)	-65.03%	212,100.00
42 - PERMITS	3,295,350.00	341,372.13	3,078,024.17	(217,325.83)	-6.59%	3,295,350.00
45 - INTERGOVERNMENTAL	7,288.00	0.00	20,061.92	12,773.92	175.27%	7,288.00
47 - CHARGES FOR SERVICE	7,649,900.00	1,068,695.14	3,141,149.25	(4,508,750.75)	-58.94%	7,649,900.00
50 - FINES AND FORFEITURES	110,000.00	8,615.70	24,080.23	(85,919.77)	-78.11%	110,000.00
53 - COST RECOVERY	0.00	70,754.55	176,451.70	176,451.70	0.00%	0.00
54 - MISCELLANEOUS REVENUES	36,500.00	507.28	12,621.27	(23,878.73)	-65.42%	36,500.00
58 - OTHER FINANCING SOURCES	0.00	7,500.00	7,500.00	7,500.00	0.00%	0.00
TOTAL REVENUES	29,289,424.00	2,233,154.97	9,054,703.32	(20,234,720.68)	-69.1%	29,289,424.00
EXPENSES						
60 - PERSONNEL SERVICES	16,858,001.00	1,400,567.73	6,883,375.83	9,974,625.17	59.2%	16,858,001.00
65 - OPERATING COSTS	16,869,896.40	748,464.03	5,814,015.49	11,055,880.91	65.5%	16,869,896.40
70 - CAPITAL IMPROVEMENTS	794,271.60	21,722.08	187,728.66	606,542.94	76.4%	794,271.60
TOTAL EXPENSES	34,522,169.00	2,170,753.84	12,885,119.98	21,637,049.02	62.7%	34,522,169.00
TRANSFERS						
90 - TRANSFERS	5,232,745.00	0.00	(529,013.56)	(5,761,758.56)	-110.1%	5,232,745.00
NET CHANGE	0.00	62,401.13	(4,359,430.22)	(4,359,430.22)	0.0%	0.00
FY18-19 PROJECTED NET CHANGE	-					



City of Beaumont, CA

PRELIMINARY

GENERAL FUND
Comparative Income Statement
For the Five Months and Year to Date 11/30/2017 and 2018

	2017-2018 November 2017	2018-2019 November 2018	November Activity Favorable / (Unfavorable)	Variance %	2017-2018 Year to Date Activity	2018-2019 Year to Date Activity	YTD Variance Favorable / (Unfavorable)	Variance %
REVENUES								
40 - TAXES	640,488.12	730,942.02	90,453.90	14.12%	2,311,658.01	2,520,632.85	208,974.84	9.04%
41 - LICENSES	3,556.00	4,768.15	1,212.15	34.09%	48,247.54	74,181.93	25,934.39	53.75%
42 - PERMITS	178,727.28	341,372.13	162,644.85	91.00%	1,529,261.67	3,078,024.17	1,548,762.50	101.28%
45 - INTERGOVERNMENTAL	0.00	0.00	0.00	0.00%	7,288.01	20,061.92	12,773.91	175.27%
47 - CHARGES FOR SERVICE	1,008,254.67	1,068,695.14	60,440.47	5.99%	2,592,644.49	3,141,149.25	548,504.76	21.16%
50 - FINES AND FORFEITURES	7,157.48	8,615.70	1,458.22	20.37%	25,883.10	24,080.23	(1,802.87)	-6.97%
53 - COST RECOVERY	10,346.57	70,754.55	60,407.98	583.85%	77,980.09	176,451.70	98,471.61	126.28%
54 - MISCELLANEOUS REVENUES	2,027.66	507.28	(1,520.38)	-74.98%	12,904.19	12,621.27	(282.92)	-2.19%
58 - OTHER FINANCING SOURCES	0.00	7,500.00	7,500.00	0.00%	0.00	7,500.00	0.00	0.00%
TOTAL REVENUES	1,850,557.78	2,233,154.97	382,597.19	20.67%	6,605,867.10	9,054,703.32	2,441,336.22	36.96%
EXPENSES								
60 - PERSONNEL SERVICES	1,299,633.92	1,400,567.73	(100,933.81)	-7.77%	5,350,304.47	6,883,375.83	(1,533,071.36)	-28.65%
65 - OPERATING COSTS	1,454,665.72	748,464.03	706,201.69	48.55%	5,449,343.16	5,814,015.49	(364,672.33)	-6.69%
70 - CAPITAL IMPROVEMENTS	43,350.83	21,722.08	21,628.75	49.89%	315,400.98	187,728.66	127,672.32	40.48%
TOTAL EXPENSES	2,797,650.47	2,170,753.84	626,896.63	22.41%	11,115,048.61	12,885,119.98	(1,770,071.37)	-15.92%
TRANSFERS								
90 - TRANSFERS	-	-	-	0.00%	123,768.89	(529,013.56)	(652,782.45)	-527.42%
NET CHANGE	(947,092.69)	62,401.13	1,009,493.82	106.59%	(4,385,412.62)	(4,359,430.22)	18,482.40	0.42%



City of Beaumont, CA

PRELIMINARY

WASTE WATER FUNDS
Income Statement - Budget to Actual
For the Five Months and Year to Date 11/30/2018

	Current Total Budget	November 2018 Activity	Year to Date Activity	Variance Favorable (Unfavorable)	% Remaining	FY18-19 Projection
REVENUES						
47 - CHARGES FOR SERVICE	2,050,000.00	228,555.65	1,825,949.92	(224,050.08)	-10.9%	2,050,000.00
50 - FINES AND FORFEITURES	0.00	0.00	100.00	100.00	0.0%	0.00
54 - MISCELLANEOUS REVENUES	0.00	0.00	0.00	0.00	0.0%	0.00
56 - PROPRIETARY REVENUES	8,810,000.00	1,482,332.39	2,954,461.97	(5,855,538.03)	-66.5%	8,810,000.00
58 - OTHER FINANCING SOURCES	90,000,000.00	0.00	8,895,000.00	(81,105,000.00)	-90.1%	90,000,000.00
TOTAL REVENUES	100,860,000.00	1,710,888.04	13,675,511.89	(87,184,488.11)	-86.4%	100,860,000.00
EXPENSES						
60 - PERSONNEL SERVICES	1,155,764.00	53,343.28	232,152.08	923,611.92	79.9%	1,155,764.00
65 - OPERATING COSTS	7,141,120.00	409,943.03	1,718,886.45	5,422,233.55	75.9%	7,141,120.00
70 - CAPITAL IMPROVEMENTS	87,289,750.00	346,165.05	389,771.91	86,899,978.09	99.6%	87,289,750.00
TOTAL EXPENSES	95,586,634.00	809,451.36	2,340,810.44	93,245,823.56	97.6%	95,586,634.00
TRANSFERS						
90 - TRANSFERS	50,000.00	-	3,136,047.00	3,086,047.00	6172.1%	50,000.00
NET CHANGE	5,323,366.00	901,436.68	14,470,748.45	9,147,382.45	171.8%	5,323,366.00
FY18-19 PROJECTED NET CHANGE	5,323,366.00					



City of Beaumont, CA

PRELIMINARY

WASTE WATER FUNDS
Comparative Income Statement
For the Five Months and Year to Date 11/30/2017 and 2018

	2017-2018		2018-2019		November 2018		November 2019		November Activity		Variance			
	November 2017	November 2018	November 2018	November 2019	November 2018	November 2019	November 2018	November 2019	Favorable / (Unfavorable)	%	2017-2018 Year to Date Activity	2018-2019 Year to Date Activity	YTD Variance Favorable / (Unfavorable)	Variance %
REVENUES														
47 - CHARGES FOR SERVICE	10,430.30	228,555.65	218,125.35	2091.27%	218,125.35	2091.27%	524,444.45	1,825,949.92	1,301,505.47	248.17%				
50 - FINES AND FORFEITURES	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00	100.00	100.00	0.00%				
54 - MISCELLANEOUS REVENUES	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00	0.00	0.00%				
56 - PROPRIETARY REVENUES	1,308,255.93	1,482,332.39	174,076.46	13.31%	174,076.46	13.31%	2,680,911.50	2,954,461.97	273,550.47	10.20%				
58 - OTHER FINANCING SOURCES	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00	8,895,000.00	8,895,000.00	0.00%				
TOTAL REVENUES	1,318,686.23	1,710,888.04	392,201.81	29.74%	392,201.81	29.74%	3,205,355.95	13,675,511.89	10,470,155.94	326.65%				
EXPENSES														
60 - PERSONNEL SERVICES	27,004.84	53,343.28	(26,338.44)	-97.53%	(26,338.44)	-97.53%	69,141.89	232,152.08	(163,010.19)	-235.76%				
65 - OPERATING COSTS	427,745.59	409,943.03	17,802.56	4.16%	17,802.56	4.16%	2,038,569.06	1,718,886.45	319,682.61	15.68%				
70 - CAPITAL IMPROVEMENTS	19,230.00	346,165.05	(326,935.05)	-1700.13%	(326,935.05)	-1700.13%	103,555.13	389,771.91	(286,216.78)	-276.39%				
TOTAL EXPENSES	473,980.43	809,451.36	(335,470.93)	-70.78%	(335,470.93)	-70.78%	2,211,266.08	2,340,810.44	(129,544.36)	-5.86%				
TRANSFERS														
90 - TRANSFERS	0.00	-	0.00	0.00%	0.00	0.00%	0.00	3,136,047.00	3,136,047.00	0.00%				
NET CHANGE	844,705.80	901,436.68	56,730.88	6.72%	56,730.88	6.72%	994,089.87	14,470,748.45	13,476,658.58	1355.68%				

CITY OF BEAUMONT

MONTHLY FINANCIAL REPORTING PACKAGE

**MONTH OF DECEMBER 2018
AND SIX MONTHS YEAR TO DATE**



City of Beaumont, CA

PRELIMINARY

GENERAL FUND
Income Statement - Budget to Actual
For the Six Months and Year to Date 12/31/2018

	Current Total Budget	December 2018 Activity	Year to Date Activity	Variance Favorable (Unfavorable)	% Remaining	FY18-19 Projection
REVENUES						
40 - TAXES	17,978,286.00	1,951,957.85	4,472,590.70	(13,505,695.30)	-75.12%	17,978,286.00
41 - LICENSES	212,100.00	5,507.08	79,689.01	(132,410.99)	-62.43%	212,100.00
42 - PERMITS	3,295,350.00	214,676.16	3,292,700.33	(2,649.67)	-0.08%	3,295,350.00
45 - INTERGOVERNMENTAL	7,288.00	9,257.00	29,318.92	22,030.92	302.29%	7,288.00
47 - CHARGES FOR SERVICE	7,649,900.00	388,339.54	3,536,031.89	(4,113,868.11)	-53.78%	7,649,900.00
50 - FINES AND FORFEITURES	110,000.00	10,574.65	34,654.88	(75,345.12)	-68.50%	110,000.00
53 - COST RECOVERY	0.00	20,706.34	197,158.04	197,158.04	0.00%	0.00
54 - MISCELLANEOUS REVENUES	36,500.00	4,117.86	16,739.13	(19,760.87)	-54.14%	36,500.00
58 - OTHER FINANCING SOURCES	0.00	11,775.14	19,275.14	19,275.14	0.00%	0.00
TOTAL REVENUES	29,289,424.00	2,616,911.62	11,678,158.04	(17,611,265.96)	-60.1%	29,289,424.00
EXPENSES						
60 - PERSONNEL SERVICES	16,858,001.00	1,232,102.61	8,115,478.44	8,742,522.56	51.9%	16,858,001.00
65 - OPERATING COSTS	16,869,896.40	1,021,121.81	6,835,137.30	10,034,759.10	59.5%	16,869,896.40
70 - CAPITAL IMPROVEMENTS	794,271.60	44,633.55	232,362.21	561,909.39	70.7%	794,271.60
TOTAL EXPENSES	34,522,169.00	2,297,857.97	15,182,977.95	19,339,191.05	56.0%	34,522,169.00
TRANSFERS						
90 - TRANSFERS	5,232,745.00	302,026.09	(226,987.47)	(5,459,732.47)	-104.3%	5,232,745.00
NET CHANGE	0.00	621,079.74	(3,731,807.38)	(3,731,807.38)	0.0%	0.00
FY18-19 PROJECTED NET CHANGE	-					



City of Beaumont, CA

PRELIMINARY

GENERAL FUND
Comparative Income Statement
For the Six Months and Year to Date 12/31/2017 and 2018

	2017-2018		2018-2019		November Activity		2017-2018		2018-2019		YTD Variance	
	December 2017	December 2018	Favorable / (Unfavorable)	Variance %	Favorable / (Unfavorable)	Variance %	Year to Date Activity	Year to Date Activity	Favorable / (Unfavorable)	Variance %	Favorable / (Unfavorable)	Variance %
REVENUES												
40 - TAXES	1,758,548.71	1,951,957.85	193,409.14	11.00%	4,070,206.72	4,472,590.70	402,383.98	9.89%				
41 - LICENSES	2,160.50	5,507.08	3,346.58	154.90%	50,408.04	79,689.01	29,280.97	58.09%				
42 - PERMITS	278,595.23	214,676.16	(63,919.07)	-22.94%	1,807,856.90	3,292,700.33	1,484,843.43	82.13%				
45 - INTERGOVERNMENTAL	0.00	9,257.00	9,257.00	0.00%	7,288.01	29,318.92	22,030.91	302.29%				
47 - CHARGES FOR SERVICE	1,197,162.91	388,339.54	(808,823.37)	-67.56%	3,789,807.40	3,536,031.89	(253,775.51)	-6.70%				
50 - FINES AND FORFEITURES	9,029.41	10,574.65	1,545.24	17.11%	34,912.51	34,654.88	(257.63)	-0.74%				
53 - COST RECOVERY	49,855.44	20,706.34	(29,149.10)	-58.47%	127,635.53	197,158.04	69,322.51	54.23%				
54 - MISCELLANEOUS REVENUES	1,245.23	4,117.86	2,872.63	230.69%	14,149.42	16,739.13	2,589.71	18.30%				
58 - OTHER FINANCING SOURCES	0.00	11,775.14	11,775.14	0.00%	0.00	19,275.14	0.00	0.00%				
TOTAL REVENUES	3,296,597.43	2,616,911.62	(679,685.81)	-20.62%	9,902,464.53	11,678,158.04	1,756,418.37	17.74%				
EXPENSES												
60 - PERSONNEL SERVICES	1,177,828.79	1,232,102.61	(54,273.82)	-4.61%	6,528,133.26	8,115,478.44	(1,587,345.18)	-24.32%				
65 - OPERATING COSTS	880,081.43	1,021,121.81	(141,040.38)	-16.03%	6,329,424.59	6,835,137.30	(505,712.71)	-7.99%				
70 - CAPITAL IMPROVEMENTS	90,260.67	44,633.55	45,627.12	50.55%	405,661.65	232,362.21	173,299.44	42.72%				
TOTAL EXPENSES	2,148,170.89	2,297,857.97	(149,687.08)	-6.97%	13,263,219.50	15,182,977.95	(1,919,758.45)	-14.47%				
TRANSFERS												
90 - TRANSFERS	(128,380.00)	302,026.09	430,406.09	0.00%	(4,611.11)	(226,987.47)	(222,376.36)	-822.62%				
NET CHANGE	1,020,046.54	621,079.74	(398,966.80)	-39.11%	(3,365,366.08)	(3,731,807.38)	(385,716.44)	-11.46%				



City of Beaumont, CA

PRELIMINARY

WASTE WATER FUNDS
Income Statement - Budget to Actual
For the Six Months and Year to Date 12/31/2018

	Current Total Budget	December 2018 Activity	Year to Date Activity	Variance Favorable (Unfavorable)	% Remaining	FY18-19 Projection
REVENUES						
47 - CHARGES FOR SERVICE	2,050,000.00	228,555.65	1,825,949.92	(224,050.08)	-10.9%	2,050,000.00
50 - FINES AND FORFEITURES	0.00	0.00	100.00	100.00	0.0%	0.00
54 - MISCELLANEOUS REVENUES	0.00	0.00	0.00	0.00	0.0%	0.00
56 - PROPRIETARY REVENUES	8,810,000.00	1,482,332.39	2,954,461.97	(5,855,538.03)	-66.5%	8,810,000.00
58 - OTHER FINANCING SOURCES	90,000,000.00	0.00	8,895,000.00	(81,105,000.00)	-90.1%	90,000,000.00
TOTAL REVENUES	100,860,000.00	1,710,888.04	13,675,511.89	(87,184,488.11)	-86.4%	100,860,000.00
EXPENSES						
60 - PERSONNEL SERVICES	1,155,764.00	53,343.28	232,152.08	923,611.92	79.9%	1,155,764.00
65 - OPERATING COSTS	7,141,120.00	409,943.03	1,718,886.45	5,422,233.55	75.9%	7,141,120.00
70 - CAPITAL IMPROVEMENTS	87,289,750.00	346,165.05	389,771.91	86,899,978.09	99.6%	87,289,750.00
TOTAL EXPENSES	95,586,634.00	809,451.36	2,340,810.44	93,245,823.56	97.6%	95,586,634.00
TRANSFERS						
90 - TRANSFERS	50,000.00	-	3,136,047.00	3,086,047.00	6172.1%	50,000.00
NET CHANGE	5,323,366.00	901,436.68	14,470,748.45	9,147,382.45	171.8%	5,323,366.00
FY18-19 PROJECTED NET CHANGE	5,323,366.00					



City of Beaumont, CA

PRELIMINARY

WASTE WATER FUNDS
Comparative Income Statement
For the Six Months and Year to Date 12/31/2017 and 2018

	2017-2018		2018-2019		November		2017-2018		2018-2019		YTD Variance	
	December 2017	December 2018	December 2018	Activity	Favorable / (Unfavorable)	Variance %	Year to Date Activity	Year to Date Activity	Favorable / (Unfavorable)	Variance %	Favorable / (Unfavorable)	Variance %
REVENUES												
47 - CHARGES FOR SERVICE	184,430.60	228,555.65	228,555.65	44,125.05	23.93%	708,875.05	1,825,949.92	1,117,074.87	157.58%			
50 - FINES AND FORFEITURES	0.00	0.00	0.00	0.00	0.00%	0.00	100.00	100.00	0.00%			
54 - MISCELLANEOUS REVENUES	0.00	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%			
56 - PROPRIETARY REVENUES	1,317,672.18	1,482,332.39	1,482,332.39	164,660.21	12.50%	3,998,583.68	2,954,461.97	(1,044,121.71)	-26.11%			
58 - OTHER FINANCING SOURCES	0.00	0.00	0.00	0.00	0.00%	0.00	8,895,000.00	8,895,000.00	0.00%			
TOTAL REVENUES	1,502,102.78	1,710,888.04	1,710,888.04	208,785.26	13.90%	4,707,458.73	13,675,511.89	8,968,053.16	190.51%			
EXPENSES												
60 - PERSONNEL SERVICES	25,790.54	53,343.28	53,343.28	(27,552.74)	-106.83%	94,932.43	232,152.08	(137,219.65)	-144.54%			
65 - OPERATING COSTS	551,852.07	409,943.03	409,943.03	141,909.04	25.72%	2,590,421.13	1,718,886.45	871,534.68	33.64%			
70 - CAPITAL IMPROVEMENTS	35,041.90	346,165.05	346,165.05	(311,123.15)	-887.86%	138,597.03	389,771.91	(251,174.88)	-181.23%			
TOTAL EXPENSES	612,684.51	809,451.36	809,451.36	(196,766.85)	-32.12%	2,823,950.59	2,340,810.44	483,140.15	17.11%			
TRANSFERS												
90 - TRANSFERS	525,000.00	-	-	(525,000.00)	-100.00%	525,000.00	3,136,047.00	2,611,047.00	497.34%			
NET CHANGE	1,414,418.27	901,436.68	901,436.68	(512,981.59)	-36.27%	2,408,508.14	14,470,748.45	12,062,240.31	500.82%			

CITY OF BEAUMONT

QUARTERLY FINANCIAL REPORT

**MONTH OF DECEMBER 2018
AND SIX MONTHS YEAR TO DATE**

TREASURER'S REPORT

CITY OF BEAUMONT
Cash Balance Analysis and Reconciliation
For the Six Months Ending December 31, 2018

Fund	Fund Name	Beginning Cash 06/30/2018	Revenues	Expenses	Fund Transfers	Net Change Assets	Net Adjmts to Equity	Net Change Liabilities	Ending Cash 12/31/2018
	GENERAL FUNDS	8,262,951.20	11,678,491.44	(15,482,977.95)	73,012.53	3,695,039.82	-	(1,858,391.70)	6,358,135.34
	SPECIAL REVENUE FUNDS	10,386,928.17	947,424.29	(81,465.09)	(95,622.05)	233,980.44	357,142.32	(203,793.06)	11,544,595.02
	CAPITAL FUNDS	36,267,375.48	11,410,932.17	(22,722,250.18)	13,793,024.55	5,862,970.62	919,150.37	(870,641.03)	44,660,561.98
	WASTEWATER FUNDS	13,276,268.32	13,883,246.14	(2,939,991.90)	3,136,047.00	(93,282,606.22)	-	79,819,698.73	13,892,662.07
	TRANSIT FUNDS	1,154,061.19	1,447,416.94	(1,264,066.91)	321.66	67,607.51	-	(100,466.94)	1,304,873.45
	AGENCY FUNDS	13,919,790.31	25,742,701.49	(18,230,486.74)	(16,887,798.94)	(79,905,315.82)	-	81,109,999.07	5,748,889.37
	TOTAL FUNDS	83,267,384.67	65,110,212.47	(60,721,238.77)	18,984.75	(163,328,323.65)	1,276,292.69	157,886,405.07	83,509,717.23

Reconciled Balances

Pooled Cash - Checking	33,734,678.11	38,111,049.47
Payroll	2,121,841.14	211,764.48
Workers Compensation	98,510.38	65,576.56
Gas Tax/Transportation	1,717,530.87	1,112,378.02
Construction	9,623,238.94	7,675,652.11
Seizure/Evidence	524,325.75	524,325.75
LAIF	35,447,259.48	35,808,970.84
Total Reconciled Balances	83,267,384.67	83,509,717.23

Staff Report

TO: Mayor and City Council Members
 FROM: Melana Taylor, Director of Finance
 DATE: February 19, 2019
 SUBJECT: November and December 2018 Financial Reports

Background and Analysis:

The November 2018 and December 2018 Monthly Financial Reports are attached for review.

1. General Fund (summary level) – Actual versus Budget, current month and year end
2. General Fund (summary level) – current versus Prior Year, current month and year end
3. Waste Water Fund (summary level) – Actual versus Budget, current month and year end
4. Waste Water Fund (summary level) – Current versus Prior Year, current month and year end

The December 2018 Quarterly Financial Report is also attached for review.

5. Treasurer’s Report – Cash Account Reconciled Balance allocations by Fund

These financial reports were provided to the Finance and Audit Committee at their meeting on February 4, 2019.

The November financials should result in 58.3% of the budget remaining. The December financials should result in 50.0% of the budget remaining. Because the budget to actual variances can be deceiving, please note the following:

Revenues	Actual greater than Budget Actual less than Budget	Positive Overall Effect Negative Overall Effect
Expenses	Actual greater than Budget Actual less than Budget	Negative Overall Effect Positive Overall Effect

Bank reconciliations are completed as follows:

Pooled Cash (Citibank)	thru 2/6/19
Bank of Hemet:	
Payroll	thru 1/31/19
Gas Tax	thru 1/31/19
Workers Comp	thru 1/31/19
Seizure/Evidence	thru 1/31/19
Construction	thru 1/31/19
Trustee Accounts	thru 1/31/19
LAIF	thru 1/31/19

Fiscal Impact:

None.

Finance Director Review: 

Recommendation:

Receive and file.

City Manager Review: 

Attachments:

- A. November 2018 monthly financial reports.
- B. December 2018 monthly financial reports.
- C. December 2018 quarterly financial report.

CITY OF BEAUMONT

MONTHLY FINANCIAL REPORTING PACKAGE

**MONTH OF NOVEMBER 2018
AND FIVE MONTHS YEAR TO DATE**



City of Beaumont, CA

PRELIMINARY

GENERAL FUND
Income Statement - Budget to Actual
For the Five Months and Year to Date 11/30/2018

	Current Total Budget	November 2018 Activity	Year to Date Activity	Variance Favorable (Unfavorable)	% Remaining	FY18-19 Projection
REVENUES						
40 - TAXES	17,978,286.00	730,942.02	2,520,632.85	(15,457,653.15)	-85.98%	17,978,286.00
41 - LICENSES	212,100.00	4,768.15	74,181.93	(137,918.07)	-65.03%	212,100.00
42 - PERMITS	3,295,350.00	341,372.13	3,078,024.17	(217,325.83)	-6.59%	3,295,350.00
45 - INTERGOVERNMENTAL	7,288.00	0.00	20,061.92	12,773.92	175.27%	7,288.00
47 - CHARGES FOR SERVICE	7,649,900.00	1,068,695.14	3,141,149.25	(4,508,750.75)	-58.94%	7,649,900.00
50 - FINES AND FORFEITURES	110,000.00	8,615.70	24,080.23	(85,919.77)	-78.11%	110,000.00
53 - COST RECOVERY	0.00	70,754.55	176,451.70	176,451.70	0.00%	0.00
54 - MISCELLANEOUS REVENUES	36,500.00	507.28	12,621.27	(23,878.73)	-65.42%	36,500.00
58 - OTHER FINANCING SOURCES	0.00	7,500.00	7,500.00	7,500.00	0.00%	0.00
TOTAL REVENUES	29,289,424.00	2,233,154.97	9,054,703.32	(20,234,720.68)	-69.1%	29,289,424.00
EXPENSES						
60 - PERSONNEL SERVICES	16,858,001.00	1,400,567.73	6,883,375.83	9,974,625.17	59.2%	16,858,001.00
65 - OPERATING COSTS	16,869,896.40	748,464.03	5,814,015.49	11,055,880.91	65.5%	16,869,896.40
70 - CAPITAL IMPROVEMENTS	794,271.60	21,722.08	187,728.66	606,542.94	76.4%	794,271.60
TOTAL EXPENSES	34,522,169.00	2,170,753.84	12,885,119.98	21,637,049.02	62.7%	34,522,169.00
TRANSFERS						
90 - TRANSFERS	5,232,745.00	0.00	(529,013.56)	(5,761,758.56)	-110.1%	5,232,745.00
NET CHANGE	0.00	62,401.13	(4,359,430.22)	(4,359,430.22)	0.0%	0.00
FY18-19 PROJECTED NET CHANGE	-					



City of Beaumont, CA

PRELIMINARY

GENERAL FUND
Comparative Income Statement
For the Five Months and Year to Date 11/30/2017 and 2018

	2017-2018 November 2017	2018-2019 November 2018	November Activity Favorable / (Unfavorable)	Variance %	2017-2018 Year to Date Activity	2018-2019 Year to Date Activity	YTD Variance Favorable / (Unfavorable)	Variance %
REVENUES								
40 - TAXES	640,488.12	730,942.02	90,453.90	14.12%	2,311,658.01	2,520,632.85	208,974.84	9.04%
41 - LICENSES	3,556.00	4,768.15	1,212.15	34.09%	48,247.54	74,181.93	25,934.39	53.75%
42 - PERMITS	178,727.28	341,372.13	162,644.85	91.00%	1,529,261.67	3,078,024.17	1,548,762.50	101.28%
45 - INTERGOVERNMENTAL	0.00	0.00	0.00	0.00%	7,288.01	20,061.92	12,773.91	175.27%
47 - CHARGES FOR SERVICE	1,008,254.67	1,068,695.14	60,440.47	5.99%	2,592,644.49	3,141,149.25	548,504.76	21.16%
50 - FINES AND FORFEITURES	7,157.48	8,615.70	1,458.22	20.37%	25,883.10	24,080.23	(1,802.87)	-6.97%
53 - COST RECOVERY	10,346.57	70,754.55	60,407.98	583.85%	77,980.09	176,451.70	98,471.61	126.28%
54 - MISCELLANEOUS REVENUES	2,027.66	507.28	(1,520.38)	-74.98%	12,904.19	12,621.27	(282.92)	-2.19%
58 - OTHER FINANCING SOURCES	0.00	7,500.00	7,500.00	0.00%	0.00	7,500.00	0.00	0.00%
TOTAL REVENUES	1,850,557.78	2,233,154.97	382,597.19	20.67%	6,605,867.10	9,054,703.32	2,441,336.22	36.96%
EXPENSES								
60 - PERSONNEL SERVICES	1,299,633.92	1,400,567.73	(100,933.81)	-7.77%	5,350,304.47	6,883,375.83	(1,533,071.36)	-28.65%
65 - OPERATING COSTS	1,454,665.72	748,464.03	706,201.69	48.55%	5,449,343.16	5,814,015.49	(364,672.33)	-6.69%
70 - CAPITAL IMPROVEMENTS	43,350.83	21,722.08	21,628.75	49.89%	315,400.98	187,728.66	127,672.32	40.48%
TOTAL EXPENSES	2,797,650.47	2,170,753.84	626,896.63	22.41%	11,115,048.61	12,885,119.98	(1,770,071.37)	-15.92%
TRANSFERS								
90 - TRANSFERS	-	-	-	0.00%	123,768.89	(529,013.56)	(652,782.45)	-527.42%
NET CHANGE	(947,092.69)	62,401.13	1,009,493.82	106.59%	(4,385,412.62)	(4,359,430.22)	18,482.40	0.42%



City of Beaumont, CA

PRELIMINARY

WASTE WATER FUNDS
Income Statement - Budget to Actual
For the Five Months and Year to Date 11/30/2018

	Current Total Budget	November 2018 Activity	Year to Date Activity	Variance Favorable (Unfavorable)	% Remaining	FY18-19 Projection
REVENUES						
47 - CHARGES FOR SERVICE	2,050,000.00	228,555.65	1,825,949.92	(224,050.08)	-10.9%	2,050,000.00
50 - FINES AND FORFEITURES	0.00	0.00	100.00	100.00	0.0%	0.00
54 - MISCELLANEOUS REVENUES	0.00	0.00	0.00	0.00	0.0%	0.00
56 - PROPRIETARY REVENUES	8,810,000.00	1,482,332.39	2,954,461.97	(5,855,538.03)	-66.5%	8,810,000.00
58 - OTHER FINANCING SOURCES	90,000,000.00	0.00	8,895,000.00	(81,105,000.00)	-90.1%	90,000,000.00
TOTAL REVENUES	100,860,000.00	1,710,888.04	13,675,511.89	(87,184,488.11)	-86.4%	100,860,000.00
EXPENSES						
60 - PERSONNEL SERVICES	1,155,764.00	53,343.28	232,152.08	923,611.92	79.9%	1,155,764.00
65 - OPERATING COSTS	7,141,120.00	409,943.03	1,718,886.45	5,422,233.55	75.9%	7,141,120.00
70 - CAPITAL IMPROVEMENTS	87,289,750.00	346,165.05	389,771.91	86,899,978.09	99.6%	87,289,750.00
TOTAL EXPENSES	95,586,634.00	809,451.36	2,340,810.44	93,245,823.56	97.6%	95,586,634.00
TRANSFERS						
90 - TRANSFERS	50,000.00	-	3,136,047.00	3,086,047.00	6172.1%	50,000.00
NET CHANGE	5,323,366.00	901,436.68	14,470,748.45	9,147,382.45	171.8%	5,323,366.00
FY18-19 PROJECTED NET CHANGE	5,323,366.00					



City of Beaumont, CA

PRELIMINARY

WASTE WATER FUNDS
Comparative Income Statement
For the Five Months and Year to Date 11/30/2017 and 2018

	2017-2018		2018-2019		November 2018		November 2019		November Activity		2017-2018		2018-2019		YTD Variance	
	November 2017	November 2018	November 2018	November 2019	Favorable / (Unfavorable)	Variance %	Year to Date Activity	Year to Date Activity	Favorable / (Unfavorable)	%	Year to Date Activity	Year to Date Activity	Favorable / (Unfavorable)	Variance %		
REVENUES																
47 - CHARGES FOR SERVICE	10,430.30	228,555.65	218,125.35	2091.27%	218,125.35	2091.27%	524,444.45	1,825,949.92	1,301,505.47	248.17%	524,444.45	1,825,949.92	1,301,505.47	248.17%		
50 - FINES AND FORFEITURES	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00	100.00	100.00	0.00%	0.00	100.00	100.00	0.00%		
54 - MISCELLANEOUS REVENUES	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%		
56 - PROPRIETARY REVENUES	1,308,255.93	1,482,332.39	174,076.46	13.31%	174,076.46	13.31%	2,680,911.50	2,954,461.97	273,550.47	10.20%	2,680,911.50	2,954,461.97	273,550.47	10.20%		
58 - OTHER FINANCING SOURCES	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00	8,895,000.00	8,895,000.00	0.00%	0.00	8,895,000.00	8,895,000.00	0.00%		
TOTAL REVENUES	1,318,686.23	1,710,888.04	392,201.81	29.74%	392,201.81	29.74%	3,205,355.95	13,675,511.89	10,470,155.94	326.65%	3,205,355.95	13,675,511.89	10,470,155.94	326.65%		
EXPENSES																
60 - PERSONNEL SERVICES	27,004.84	53,343.28	(26,338.44)	-97.53%	(26,338.44)	-97.53%	69,141.89	232,152.08	(163,010.19)	-235.76%	69,141.89	232,152.08	(163,010.19)	-235.76%		
65 - OPERATING COSTS	427,745.59	409,943.03	17,802.56	4.16%	17,802.56	4.16%	2,038,569.06	1,718,886.45	319,682.61	15.68%	2,038,569.06	1,718,886.45	319,682.61	15.68%		
70 - CAPITAL IMPROVEMENTS	19,230.00	346,165.05	(326,935.05)	-1700.13%	(326,935.05)	-1700.13%	103,555.13	389,771.91	(286,216.78)	-276.39%	103,555.13	389,771.91	(286,216.78)	-276.39%		
TOTAL EXPENSES	473,980.43	809,451.36	(335,470.93)	-70.78%	(335,470.93)	-70.78%	2,211,266.08	2,340,810.44	(129,544.36)	-5.86%	2,211,266.08	2,340,810.44	(129,544.36)	-5.86%		
TRANSFERS																
90 - TRANSFERS	0.00	-	0.00	0.00%	0.00	0.00%	0.00	3,136,047.00	3,136,047.00	0.00%	0.00	3,136,047.00	3,136,047.00	0.00%		
NET CHANGE	844,705.80	901,436.68	56,730.88	6.72%	56,730.88	6.72%	994,089.87	14,470,748.45	13,476,658.58	1355.68%	994,089.87	14,470,748.45	13,476,658.58	1355.68%		

CITY OF BEAUMONT

MONTHLY FINANCIAL REPORTING PACKAGE

**MONTH OF DECEMBER 2018
AND SIX MONTHS YEAR TO DATE**



City of Beaumont, CA

PRELIMINARY

GENERAL FUND
Income Statement - Budget to Actual
For the Six Months and Year to Date 12/31/2018

	Current Total Budget	December 2018 Activity	Year to Date Activity	Variance Favorable (Unfavorable)	% Remaining	FY18-19 Projection
REVENUES						
40 - TAXES	17,978,286.00	1,951,957.85	4,472,590.70	(13,505,695.30)	-75.12%	17,978,286.00
41 - LICENSES	212,100.00	5,507.08	79,689.01	(132,410.99)	-62.43%	212,100.00
42 - PERMITS	3,295,350.00	214,676.16	3,292,700.33	(2,649.67)	-0.08%	3,295,350.00
45 - INTERGOVERNMENTAL	7,288.00	9,257.00	29,318.92	22,030.92	302.29%	7,288.00
47 - CHARGES FOR SERVICE	7,649,900.00	388,339.54	3,536,031.89	(4,113,868.11)	-53.78%	7,649,900.00
50 - FINES AND FORFEITURES	110,000.00	10,574.65	34,654.88	(75,345.12)	-68.50%	110,000.00
53 - COST RECOVERY	0.00	20,706.34	197,158.04	197,158.04	0.00%	0.00
54 - MISCELLANEOUS REVENUES	36,500.00	4,117.86	16,739.13	(19,760.87)	-54.14%	36,500.00
58 - OTHER FINANCING SOURCES	0.00	11,775.14	19,275.14	19,275.14	0.00%	0.00
TOTAL REVENUES	29,289,424.00	2,616,911.62	11,678,158.04	(17,611,265.96)	-60.1%	29,289,424.00
EXPENSES						
60 - PERSONNEL SERVICES	16,858,001.00	1,232,102.61	8,115,478.44	8,742,522.56	51.9%	16,858,001.00
65 - OPERATING COSTS	16,869,896.40	1,021,121.81	6,835,137.30	10,034,759.10	59.5%	16,869,896.40
70 - CAPITAL IMPROVEMENTS	794,271.60	44,633.55	232,362.21	561,909.39	70.7%	794,271.60
TOTAL EXPENSES	34,522,169.00	2,297,857.97	15,182,977.95	19,339,191.05	56.0%	34,522,169.00
TRANSFERS						
90 - TRANSFERS	5,232,745.00	302,026.09	(226,987.47)	(5,459,732.47)	-104.3%	5,232,745.00
NET CHANGE	0.00	621,079.74	(3,731,807.38)	(3,731,807.38)	0.0%	0.00
FY18-19 PROJECTED NET CHANGE	-					



City of Beaumont, CA

PRELIMINARY

GENERAL FUND
Comparative Income Statement
For the Six Months and Year to Date 12/31/2017 and 2018

	2017-2018		2018-2019		November Activity		2017-2018		2018-2019		YTD Variance	
	December 2017	December 2018	Favorable / (Unfavorable)	Variance %	Year to Date Activity	Year to Date Activity	Favorable / (Unfavorable)	Variance %	Year to Date Activity	Favorable / (Unfavorable)	Variance %	
REVENUES												
40 - TAXES	1,758,548.71	1,951,957.85	193,409.14	11.00%	4,070,206.72	4,472,590.70	402,383.98	9.89%				
41 - LICENSES	2,160.50	5,507.08	3,346.58	154.90%	50,408.04	79,689.01	29,280.97	58.09%				
42 - PERMITS	278,595.23	214,676.16	(63,919.07)	-22.94%	1,807,856.90	3,292,700.33	1,484,843.43	82.13%				
45 - INTERGOVERNMENTAL	0.00	9,257.00	9,257.00	0.00%	7,288.01	29,318.92	22,030.91	302.29%				
47 - CHARGES FOR SERVICE	1,197,162.91	388,339.54	(808,823.37)	-67.56%	3,789,807.40	3,536,031.89	(253,775.51)	-6.70%				
50 - FINES AND FORFEITURES	9,029.41	10,574.65	1,545.24	17.11%	34,912.51	34,654.88	(257.63)	-0.74%				
53 - COST RECOVERY	49,855.44	20,706.34	(29,149.10)	-58.47%	127,635.53	197,158.04	69,322.51	54.23%				
54 - MISCELLANEOUS REVENUES	1,245.23	4,117.86	2,872.63	230.69%	14,149.42	16,739.13	2,589.71	18.30%				
58 - OTHER FINANCING SOURCES	0.00	11,775.14	11,775.14	0.00%	0.00	19,275.14	0.00	0.00%				
TOTAL REVENUES	3,296,597.43	2,616,911.62	(679,685.81)	-20.62%	9,902,464.53	11,678,158.04	1,756,418.37	17.74%				
EXPENSES												
60 - PERSONNEL SERVICES	1,177,828.79	1,232,102.61	(54,273.82)	-4.61%	6,528,133.26	8,115,478.44	(1,587,345.18)	-24.32%				
65 - OPERATING COSTS	880,081.43	1,021,121.81	(141,040.38)	-16.03%	6,329,424.59	6,835,137.30	(505,712.71)	-7.99%				
70 - CAPITAL IMPROVEMENTS	90,260.67	44,633.55	45,627.12	50.55%	405,661.65	232,362.21	173,299.44	42.72%				
TOTAL EXPENSES	2,148,170.89	2,297,857.97	(149,687.08)	-6.97%	13,263,219.50	15,182,977.95	(1,919,758.45)	-14.47%				
TRANSFERS												
90 - TRANSFERS	(128,380.00)	302,026.09	430,406.09	0.00%	(4,611.11)	(226,987.47)	(222,376.36)	-4822.62%				
NET CHANGE	1,020,046.54	621,079.74	(398,966.80)	-39.11%	(3,365,366.08)	(3,731,807.38)	(385,716.44)	-11.46%				



City of Beaumont, CA

PRELIMINARY

WASTE WATER FUNDS
Income Statement - Budget to Actual
For the Six Months and Year to Date 12/31/2018

	Current Total Budget	December 2018 Activity	Year to Date Activity	Variance Favorable (Unfavorable)	% Remaining	FY18-19 Projection
REVENUES						
47 - CHARGES FOR SERVICE	2,050,000.00	228,555.65	1,825,949.92	(224,050.08)	-10.9%	2,050,000.00
50 - FINES AND FORFEITURES	0.00	0.00	100.00	100.00	0.0%	0.00
54 - MISCELLANEOUS REVENUES	0.00	0.00	0.00	0.00	0.0%	0.00
56 - PROPRIETARY REVENUES	8,810,000.00	1,482,332.39	2,954,461.97	(5,855,538.03)	-66.5%	8,810,000.00
58 - OTHER FINANCING SOURCES	90,000,000.00	0.00	8,895,000.00	(81,105,000.00)	-90.1%	90,000,000.00
TOTAL REVENUES	100,860,000.00	1,710,888.04	13,675,511.89	(87,184,488.11)	-86.4%	100,860,000.00
EXPENSES						
60 - PERSONNEL SERVICES	1,155,764.00	53,343.28	232,152.08	923,611.92	79.9%	1,155,764.00
65 - OPERATING COSTS	7,141,120.00	409,943.03	1,718,886.45	5,422,233.55	75.9%	7,141,120.00
70 - CAPITAL IMPROVEMENTS	87,289,750.00	346,165.05	389,771.91	86,899,978.09	99.6%	87,289,750.00
TOTAL EXPENSES	95,586,634.00	809,451.36	2,340,810.44	93,245,823.56	97.6%	95,586,634.00
TRANSFERS						
90 - TRANSFERS	50,000.00	-	3,136,047.00	3,086,047.00	6172.1%	50,000.00
NET CHANGE	5,323,366.00	901,436.68	14,470,748.45	9,147,382.45	171.8%	5,323,366.00
FY18-19 PROJECTED NET CHANGE	5,323,366.00					



City of Beaumont, CA

PRELIMINARY

WASTE WATER FUNDS
Comparative Income Statement
For the Six Months and Year to Date 12/31/2017 and 2018

	2017-2018 December 2017	2018-2019 December 2018	November Favorable / (Unfavorable)	Activity Variance %	2017-2018 Year to Date Activity	2018-2019 Year to Date Activity	YTD Variance Favorable / (Unfavorable)	Variance %
REVENUES								
47 - CHARGES FOR SERVICE	184,430.60	228,555.65	44,125.05	23.93%	708,875.05	1,825,949.92	1,117,074.87	157.58%
50 - FINES AND FORFEITURES	0.00	0.00	0.00	0.00%	0.00	100.00	100.00	0.00%
54 - MISCELLANEOUS REVENUES	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
56 - PROPRIETARY REVENUES	1,317,672.18	1,482,332.39	164,660.21	12.50%	3,998,583.68	2,954,461.97	(1,044,121.71)	-26.11%
58- OTHER FINANCING SOURCES	0.00	0.00	0.00	0.00%	0.00	8,895,000.00	8,895,000.00	0.00%
TOTAL REVENUES	1,502,102.78	1,710,888.04	208,785.26	13.90%	4,707,458.73	13,675,511.89	8,968,053.16	190.51%
EXPENSES								
60 - PERSONNEL SERVICES	25,790.54	53,343.28	(27,552.74)	-106.83%	94,932.43	232,152.08	(137,219.65)	-144.54%
65 - OPERATING COSTS	551,852.07	409,943.03	141,909.04	25.72%	2,590,421.13	1,718,886.45	871,534.68	33.64%
70 - CAPITAL IMPROVEMENTS	35,041.90	346,165.05	(311,123.15)	-887.86%	138,597.03	389,771.91	(251,174.88)	-181.23%
TOTAL EXPENSES	612,684.51	809,451.36	(196,766.85)	-32.12%	2,823,950.59	2,340,810.44	483,140.15	17.11%
TRANSFERS								
90 - TRANSFERS	525,000.00	-	(525,000.00)	-100.00%	525,000.00	3,136,047.00	2,611,047.00	497.34%
NET CHANGE	1,414,418.27	901,436.68	(512,981.59)	-36.27%	2,408,508.14	14,470,748.45	12,062,240.31	500.82%

CITY OF BEAUMONT

QUARTERLY FINANCIAL REPORT

**MONTH OF DECEMBER 2018
AND SIX MONTHS YEAR TO DATE**

TREASURER'S REPORT

CITY OF BEAUMONT
Cash Balance Analysis and Reconciliation
For the Six Months Ending December 31, 2018

Fund	Fund Name	Beginning Cash 06/30/2018	Revenues	Expenses	Fund Transfers	Net Change Assets	Net Adjmts to Equity	Net Change Liabilities	Ending Cash 12/31/2018
	GENERAL FUNDS	8,262,951.20	11,678,491.44	(15,482,977.95)	73,012.53	3,695,039.82	-	(1,858,391.70)	6,358,135.34
	SPECIAL REVENUE FUNDS	10,386,928.17	947,424.29	(81,465.09)	(95,622.05)	233,980.44	357,142.32	(203,793.06)	11,544,595.02
	CAPITAL FUNDS	36,267,375.48	11,410,932.17	(22,722,250.18)	13,793,024.55	5,862,970.62	919,150.37	(870,641.03)	44,660,561.98
	WASTEWATER FUNDS	13,276,268.32	13,883,246.14	(2,939,991.90)	3,136,047.00	(93,282,606.22)	-	79,819,698.73	13,892,662.07
	TRANSIT FUNDS	1,154,061.19	1,447,416.94	(1,264,066.91)	321.66	67,607.51	-	(100,466.94)	1,304,873.45
	AGENCY FUNDS	13,919,790.31	25,742,701.49	(18,230,486.74)	(16,887,798.94)	(79,905,315.82)	-	81,109,999.07	5,748,889.37
	TOTAL FUNDS	83,267,384.67	65,110,212.47	(60,721,238.77)	18,984.75	(163,328,323.65)	1,276,292.69	157,886,405.07	83,509,717.23

Reconciled Balances

Pooled Cash - Checking	33,734,678.11	38,111,049.47
Payroll	2,121,841.14	211,764.48
Workers Compensation	98,510.38	65,576.56
Gas Tax/Transportation	1,717,530.87	1,112,378.02
Construction	9,623,238.94	7,675,652.11
Seizure/Evidence	524,325.75	524,325.75
LAIF	35,447,259.48	35,808,970.84
Total Reconciled Balances	83,267,384.67	83,509,717.23

Staff Report

TO: Mayor and City Council Members

FROM: Christina Taylor, Interim Community Development Director

DATE: February 19, 2019

SUBJECT: Tentative Tract Map 33079 (East of Orchard Heights Avenue, South of Norman Road) One Year Time Extension

Background and Analysis:

Tentative Tract Map 33079 was approved by City Council on March 1, 2005, for an initial two-year period. This subdivision map provides for the division of a 5.84 acre parcel into 23 residential lots, with lot sizes ranging from 6,934 square feet to 10,806 square feet. Additionally, City Council approved four one-year extensions.



Location

The following California Bills also extended the map for seven (7) years in California:

- SB 1185 – Automatic 1 year extension
- AB 333 – Automatic 2 year extension
- AB 208 – Automatic 2 year extension
- AB 116 – Automatic 2 year extension

This gave the map an expiration of March 1, 2017. The applicant requested another extension which was approved February 20, 2018, giving the map a renewed expiration date of March 1, 2019. The Subdivision Map Act (66463.5(c)) allows the subdivider to apply to City Council for up to six (6) additional one (1) year extensions. The applicant is currently requesting their sixth one-year extension. If approved, the map will expire on March 1, 2019, with no additional extensions possible.

Fiscal Impact:

The proposed map extension has no fiscal impact.

Finance Director Review:  _____

Recommendation:

1. Staff recommends that the City Council approve a one-year extension of time for the approval of Tentative Tract Map 33079.

City Manager Review:  _____

Staff Report

TO: Mayor and Council Members

FROM: Elizabeth M. Gibbs, Community Services Director

DATE: February 19, 2019

SUBJECT: Memorandum of Understanding with the City of Banning for the Free Fare Promotion

Background and Analysis:

The City of Beaumont secured \$63,619 in Low Carbon Transportation Operations Program (LCTOP) grant funding in FY 15/16. The purpose of the LCTOP grant is to encourage the use of public transportation and therefore reduce gas emissions. The FY 15/16 grant was originally intended for the expansion of our Commuter Link 120. When a grant is used for funding a route, it is required that the bus placed in service of the route be a low emission vehicle such as compressed natural gas (CNG). Staff has been unable to consistently use a CNG bus on this route due to lack of fueling options. Additionally, the FY 15/16 funding is set to expire June 30, 2019, at which point, any unexpended funds will have to be returned to LCTOP.

Upon discussion with CalTrans, administrators for the LCTOP grant, it was suggested to reallocate the funding to an already approved FY 17/18 project titled Free Fare Project. It is a City of Beaumont FY 17/18 project that offers free fares to all veterans and college students.

Since the cities of Beaumont and Banning operate under the same Pass Transit logo, passengers would be confused as to which buses and routes were free. CalTrans has approved the addition of the City of Banning to the scope of the grant application.

Both cities of Beaumont and Banning will offer free fares to all passengers beginning March 1 – May 31, 2019, as outlined in the attached Memorandum of Understanding (MOU). The attached MOU has been reviewed and approved by legal counsel for both Beaumont and Banning.

Fiscal Impact:

There is no fiscal impact to the general fund or the transit services fund because this is grant funded project.

Finance Director Review: 

Recommendation:

1. Approve the attached MOU for the Free Fare Promotion, including the cities of Beaumont and Banning transit routes, and excluding paratransit (Dial-A-Ride); and,
2. Authorize the Mayor to execute the MOU; and,
3. Authorize staff to continue the Free Fare Promotion and coordinate its expansion with the City of Banning.

City Manager Review: 

Attachments:

- A. Memorandum of Understanding with the City of Banning for the Free Fare Promotion
- B. Estimated Project Budget

Attachment A

**Memorandum of Understanding with the City of Banning for the
Free Fare Promotion**

**Memorandum of Understanding
City of Beaumont and City of Banning
Free Fare Promotion**

This Memorandum of Understanding (MOU) is entered into and effective this ____ day of _____, 2019, among the City of Beaumont and the City of Banning, to cooperatively participate in Free Fare Promotion made possible by Low Carbon Transportation Operation (LCTOP) grant funded through the State of California. The undersigned City of Beaumont is referred to herein as "Beaumont", and the undersigned City of Banning is referred to herein as "Banning."

RECITALS

WHEREAS, LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities;

WHEREAS, LCTOP is administered by the California Department of Transportation (Caltrans) in coordination with the California Air Resources Board and the State Controller's Office;

WHEREAS, Beaumont secured LCTOP grant funding in the amount of \$63,619 in FY2016 and has coordinated with Caltrans to join this funding with an already approved project of Free Fare Promotion; The FY funding will expire in June 2019 and if not expended fully will have to be returned to Caltrans;

WHEREAS, to benefit all Pass Transit passengers, Beaumont and Banning will work together to offer free fare to all passengers (excluding Dial A Ride) to promote the use of public transportation and to "Try Something Different, Try Transit";

WHEREAS, Caltrans has approved the inclusion of both Beaumont Pass Transit and Banning Pass Transit fixed and commuter routes into the scope of the project to offer free fare;

WHEREAS, Free Fare Promotion will be an advertised and coordinated effort to promote the use of public transportation throughout both the Beaumont Pass Transit and the Banning Pass Transit systems from March 1 to May 31, 2019, or until funding is exhausted;

NOW, THEREFORE IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS PROVIDED FOR HEREIN, THE PARTIES HEREBY AGREE AS FOLLOWS:

**Section I
Roles of Banning**

- 1.1 Weekly meetings with Beaumont to go over project status and accounting. Estimates for Free Fare Promotion completion date (May 31, 2019) will be confirmed or adjusted depending on actual expenses applied to the grant funding.
- 1.2 Free Fare Promotion last day shall be May 31, 2019, or the point in time at which funding is exhausted.

- 1.3 Banning will provide copies of original driver generated trip sheets (passenger count sheets) to Beaumont on a bi-weekly basis.
- 1.4 Banning will also provide Beaumont with digital spreadsheet of the same trip sheet information specified in 1.3 above
- 1.5 Banning will provide Beaumont a monthly invoice reflecting the weekly trip sheet information detailing the amount of General Passengers at \$1.15, amount of Senior/Disabled/Veteran passengers at \$.65, and amount of Cabazon Zone Passengers at \$.25 as part of the Free Fare Promotion.
- 1.6 Beaumont is not responsible for payment of passenger fares after Free Fare Promotion completion date (May 31,2019 or a predetermined adjusted completion date as stated in 1.1 above).
- 1.7 Dial A Ride is not part of the Free Fare Promotion.

Section 2

Roles of Beaumont

- 2.1 Weekly meetings with Banning to go over project status and accounting.
- 2.2 Beaumont will consolidate and report to Caltrans all Pass Transit passenger count information.
- 2.3 Beaumont will reimburse Banning for passenger fares within the scope of Free Fare Promotion within 15 days of receipt of each monthly invoice provided by Banning pursuant to 1.5 above.
- 2.4 Beaumont will be the record keeper of all passenger farebox and expenses applied to the grant and will maintain the records for auditing purposes.
- 2.5 Beaumont will conduct all marketing and advertising for the Free Fare Project at no cost to Banning.

IN WITNESS WHEREOF, the Parties have caused this MOU to be executed by their duly authorized representatives.

City of Beaumont

By: _____ Date: _____
Julio Martinez
Mayor

Approved as to Form:

_____ Date: _____
Steven Mehlman
City Clerk

City of Banning

By: _____ Date: _____
Arthur Welch
Mayor

Attest: _____ Date: _____
Laurie Sampson, Deputy City Clerk
City of Banning

Approved as to Form and Legal Content:

_____ _____
Kevin G. Ennis, City Attorney
Richards, Watson & Gershon

Attachment B
Estimated Project Budget

Free Fare Promotion Budget
2.8.19

<u>Overall Standings</u>	
Total Funding for FY 16 & 18 grants	\$128,584.28
Beaumont Expenses-September to December	\$14,475.68
Beaumont Projected-January 2019	\$1,968
Beaumont Projected-February 2019	\$6,500
Total Going into March 2019	\$105,640.74

<u>Advertising Costs Projected</u>	
Flyers	95
Newspaper Advertisements	3000
Billboard	1500
Poster for Shelters	3000
E-Z Up	300
Tablecloth	150
Cornhole	400
Plinko Board	400
Promotional Prizes	1000
Total Projected Advertising	\$9,845.00
Subtotal Available After Promotion	\$95,795.74

<u>Beaumont Fare</u>	Projection	Actual
March 2019	\$18,925.00	\$0.00
April 2019	\$21,125.00	\$0.00
May 2019	\$21,500.00	\$0.00
Total	\$61,550.00	\$0.00

<u>Banning Fare</u>	Projection	Actual
March 2019	\$6,100.00	\$0.00
April 2019	\$5,200.00	\$0.00
May 2019	\$5,800.00	\$0.00
Total	\$17,100.00	\$0.00

Projected Balance end of May 2019

\$17,145.74

Staff Report

TO: Mayor and Council Members

FROM: Kevin Norville, Public Works Manager

DATE: February 19, 2019

SUBJECT: Improvement Bond Acceptance for Pardee Homes, CJ Foods, and McDonald Property Group

Background and Analysis:

The City requires all developers to provide security for all public improvements consisting of but not limited to sewer improvements, street improvements, storm drain improvements, utility improvements, and monument improvements. All of the bonded improvements listed in Table 1 will be constructed by Pardee Homes, CJ Foods, and McDonald Property Group.

Pardee Homes will construct improvements in the Sundance residential development which fronts Highland Springs Avenue to the east, Cherry Avenue to the west, Brookside Avenue to the north, and 8th Street to the south. Improvements in Tract 37428, planning area 47 (PA 47) per the Sundance Specific Plan, will consist of monumentation, street, and storm drain. Improvements in Tract 37427 (PA 54) will consist of monumentation. Improvements in Tract 37426 (PA 13) will consist of monumentation.

CJ Foods will construct sewer improvements in front of the existing CJ Foods building on 4th Street. 4th Street has existing sewer mains that convey sewer to the wastewater treatment plant which is also located on 4th Street. CJ Foods will connect their onsite sewer infrastructure to the existing sewer main in 4th Street. As part of constructing sewer improvements, the developer will construct a pretreatment facility that will lower wastewater constituents to acceptable levels prior to discharging into the 4th Street sewer main. The developer has obtained approved plans that have been reviewed and approved by the City.

McDonald Property Group, who have previously constructed the Wolverine Distribution Center, will extend 4th Street and Potrero Boulevard as part of constructing the Amazon building. The Amazon building is being constructed at the northwest corner of 4th Street and Distribution Way. The extension of both roads will connect to the Potrero Interchange Bridge which is currently being constructed. Phase II of the Potrero Interchange project will consist of constructing on-ramps and off-ramps to connect to the bridge structure. The extension of both roads will provide a new connection to access State Route 60 Highway (SR-60). Attachment B contains an exhibit of the SR-60, Potrero Interchange project, and extension of 4th Street and Potrero Boulevard. The extension will include asphalt, curb, gutter, street lights, signing and striping, traffic signals, landscape, and utility improvements. The subgrade soil of 4th Street and Potrero Boulevard was previously compacted by the Hidden Canyon Industrial Park developer. Storm drain facilities in the extension area of 4th Street

and Potrero Boulevard will be constructed by the Hidden Canyon Industrial Park developer.

The following table includes the development name, bond number, type of improvement, and the developer submitting the security agreement:

Table 1. Developer, Bond Number, Bond Type, and Type of Improvement				
Bond #	Bond Type	Type of Improvement	Development/Tract #	Developer
30055682	Performance, replacing previously accepted bond no. 929622430	Monumentation	Sundance/37428	Pardee Homes
30055684	Performance	Monumentation	Sundance/37427	Pardee Homes
30055685	Performance	Street & Storm Drain	Sundance/37428	Pardee Homes
30055683	Performance	Monumentation	Sundance/37426	Pardee Homes
9253564	Performance	Sewer	CJ Foods Industrial	CJ Foods
106847866	Performance	Street and Utilities	4 th Street Extension/34209	Mcdonald Property Group

Staff has received the security agreements along with the performance and payment bond which is consistent with the City's municipal code. Staff recommends that City Council accept all of the bonds listed in Table 1.

Fiscal impact:

The cost of preparation of the staff report and legal view estimated to be \$2,350. These costs are offset by the application fees.

Finance Director Review: 

Recommendation:

1. Execute bond acceptance agreement for the following bonds:
 - Monumentation Performance Bond No. 30055682
 - Monumentation Performance Bond No. 30055684
 - Street & Storm Drain Performance Bond No. 30055685
 - Monumentation Performance Bond No. 30055683
 - Sewer Performance Bond No. 9253564
 - Street and Utilities Performance Bond No. 106847866

City Manager Review: 

Attachments:

- A. Security Agreements for Performance Bond No. 30055682, Performance Bond No. 30055684, Performance Bond No. 30055685, Performance Bond No. 30055683, Performance Bond No. 9253564, and Performance Bond No. 106847866
- B. Exhibit of State Route 60 Highway, 4th Street and Potrero Boulevard Extension, and Potrero Interchange
- C. Sundance Specific Plan Land Use

Attachment A

**Security Agreements for Performance Bond No. 30055682,
Performance Bond No. 30055684, Performance Bond No. 30055685,
Performance Bond No. 30055683, Performance Bond No. 9253564,
and Performance Bond No. 106847866**

**AGREEMENT TO PROVIDE SECURITY FOR IMPROVEMENTS
FOR TRACT MAP OR PARCEL MAP OR PLOT PLAN**

(Tract Map/~~Parcel Map~~/~~Plot Plan~~ No. 37428) **MONUMENTATION**

THIS SECURITY AGREEMENT is made by and between CITY OF BEAUMONT ("CITY") and Pardee Homes, a California company ("DEVELOPER").

RECITALS

A. DEVELOPER has applied to the CITY for permission to develop certain real property, pursuant to Tract Map/~~Parcel Map~~/~~Plot Plan~~ # 37428, ("Map"). DEVELOPER has also asked the CITY to accept the dedication of the street or streets and other proposed public rights-of-way, parks and recreation facilities, and easements as depicted on the Map and to otherwise approve the Map so that it may be recorded as required by law; and

B. The CITY requires, as a condition precedent to the acceptance and approval of the Map and the dedication of the public rights-of-way and easements depicted thereon, that such rights-of-way be improved with (for example) grading, paving, curbs, gutters, sidewalks, street lights, stormdrains, sanitary sewers and appurtenances thereto, street name signs, survey monuments, electrical and telecommunications, water pipes, water mains, fire hydrants and appurtenances thereto, and landscaping, including any warranty work for all such improvements (collectively, "Improvements"); and

C. The Improvements have not yet been constructed and completed and it is the purpose of this Security Agreement to set forth the terms and conditions by which the DEVELOPER shall guarantee that such Improvements shall be constructed and completed within the time set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the acceptance of the DEVELOPER's offer of dedication and the approval of the Map for filing and recording as provided and required by law, the CITY and the DEVELOPER hereby agree as follows:

1. Provision of Improvements. DEVELOPER shall provide, at the DEVELOPER's sole cost and expense, all necessary labor and materials to complete the construction of the Improvements depicted on the Map and described in the conditions of approval of the Map within one (1) year of the date of this Security Agreement.

2. Inspection by the CITY. The CITY shall inspect, at the DEVELOPER's sole cost and expense, all of the work, labor and materials performed and provided by the DEVELOPER in connection with the Improvements.

3. Compliance with Plans and Specifications. The Improvements shall be constructed and installed in strict accordance with the CITY-approved plans and specifications.

4. Security for Performance. Concurrently with the execution of this Security Agreement by DEVELOPER, DEVELOPER shall deliver to the CITY a performance bond issued by a corporate surety in substantially the form attached hereto as **Exhibit "A"**, in an amount that is not less than 100% of the total estimated cost of the Improvements and any warranty therefor. The performance bond shall be issued by an "admitted" corporate surety insurer authorized to do business in the State of California and the surety insurer shall have an A.M. Best rating of at least "A, XV". The surety insurer shall have assets exceeding its liabilities in the amount equal to or in excess of the amount of the bond, and the bond shall not be in excess of 10% of the surety insurer's assets. The security or bond shall also insure against any and all defects in the Improvements for a period of not less than one full year after the date of acceptance thereof by the CITY. The bond shall be duly executed and shall meet all the requirements of Section 995.660 of the California Code of Civil Procedure.

5. Security for Contractors, Subcontractors, Laborers and Materialmen. The DEVELOPER shall also provide a payment bond issued by a corporate surety for the security of laborers and materialmen, which bond or bonds shall be in substantially the form attached hereto as **Exhibit "B"** and made a part hereof. The amount of the bond(s) shall be no less than 100% of the total estimated amount needed to secure payment to the contractor, to the subcontractors, and to the persons furnishing labor, materials, or equipment to them for the Improvements. The laborers and materialmen bond shall be provided by an "admitted" corporate surety insurer authorized to transact surety insurance in the State of California with an A.M. Best rating of "A, XV", and with assets exceeding its liabilities in the amount equal to or in excess of the amount of the bond, and the bond shall not be in excess of 10% of the surety insurer's assets. The bond shall be duly executed and shall meet all the requirements of Section 995.660 of the California Code of Civil Procedure.

6. General Liability and Worker's Compensation Insurance. The DEVELOPER shall, before commencing any work, obtain commercial general liability insurance (primary) of not less than \$2,000,000.00 per occurrence for all coverages and \$2,000,000.00 general aggregate. The CITY and its employees and agents shall be added as additional insureds. Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to the CITY or any employee or agent of the CITY. Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Coverage shall contain no contractors' limitation endorsement. There shall be no endorsement or modification limiting the scope of coverage for liability arising from pollution, explosion, collapse, underground property damage or employment-related practices. Such insurance shall not prohibit the DEVELOPER, and its employees or agents, from waiving the right of subrogation prior to a loss. The DEVELOPER waives its right of subrogation against the CITY. Unless otherwise approved by the CITY, the DEVELOPER's insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best rating of "A, XV." Self-insurance shall not be considered to comply with these insurance specifications. The DEVELOPER agrees to require all contractors, subcontractors and other parties hired for the Improvements to purchase and maintain insurance of the types specified

herein, naming as additional insureds all of the parties to this Security Agreement. The DEVELOPER shall, before commencing any work, obtain Worker's Compensation Insurance in an amount required by law and, failing to do so, the CITY may procure such insurance at the cost of the DEVELOPER.

7. Comprehensive Commercial General and Automobile Liability Insurance. The DEVELOPER, before commencing any work shall, at its own expense, maintain comprehensive commercial general and automobile liability insurance issued by a California-admitted surety company with an A.M. Best rating of no less than "A, XV" for \$2,000,000 per occurrence. Coverage shall be for the entire duration of the permitted activities. Such liability insurance policy shall name, by endorsement, the City as an additional insured.

8. Indemnification. Notwithstanding the provisions of Government Code, Section 66474.9 or any other statutes of similar import, and to the full extent permitted by law, the DEVELOPER shall defend, indemnify and hold harmless the CITY, its employees, agents, officials and attorneys, from and against any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind or nature, whether actual, alleged or threatened, reasonable attorneys' fees, court costs, interest, expert witness fees and any other costs or expenses of any kind whatsoever, without restriction or limitation, incurred in relation to, as a consequence of, or arising out of or in any way attributable actually, allegedly or impliedly, in whole or in part, to the Map, the Improvements, this Agreement, or any matter related to the same; provided, however, that the indemnification to be provided by DEVELOPER to the CITY pursuant to the terms of this paragraph shall not be applicable where the aforementioned liability, claim, suit, action, etcetera, is the result of the sole negligence or sole willful misconduct of the CITY.

9. Procedure for Release of Performance Bond Security. The security furnished by the DEVELOPER shall be released in whole or in part in the following manner:

a. Security shall be released upon final completion and acceptance of the Improvements. If the security furnished by the DEVELOPER is a documentary evidence of security, such as a surety bond, the CITY shall release the documentary evidence and return the original to the Surety upon final completion and acceptance of the Improvements. In the event the CITY is unable to return the original documentary evidence to the Surety, the security shall be released by written notice sent by certified mail to the DEVELOPER and to the Surety within 30 days of the City's acceptance of the Improvements. The written notice shall contain a statement that the work for which security was furnished has been completed and accepted, a description of the Improvements, and the notarized signature of an authorized CITY official.

b. At such time as the DEVELOPER believes that the work for which the security was required is complete and makes payment of a partial exoneration fee of \$350 to the CITY, the DEVELOPER shall notify the CITY in writing of the completed work, including a list of work completed. Upon receipt of the written notice, the CITY shall have 45 days to review and comment or approve the completion of the Improvements. If the CITY does not agree that all work has been completed in accordance with the plans

and specifications for the Improvements, it shall supply a list of all remaining work to be completed.

c. Within 45 days of receipt of the CITY's list of remaining work, the DEVELOPER may then provide cost estimates for all remaining work for review and approval by the CITY.

d. Upon receipt of the cost estimates, the CITY shall then have 45 days to review, comment, and approve, modify or disapprove those cost estimates. The CITY shall not be required to engage in this process of partial release more than once between the start of work and the completion and acceptance of all work.

e. The DEVELOPER shall complete the works of Improvement until all remaining items are accepted by the CITY. Upon completion of the Improvements, the DEVELOPER shall be notified in writing by the CITY within 45 days and, within 45 days of the date of the CITY's notice, the release of any remaining performance security shall be made within 60 days of the recording of the Notice of Completion.

10. Procedure for Release of Payment Bond Security. Security securing the payment to the contractor, his or her subcontractors and persons furnishing labor, materials or equipment may, after passage of the time within which mechanic's liens and stop notices are required to be recorded and after acceptance of the Improvements, be reduced by Surety to an amount equal to the total claimed by all claimants for whom mechanic's liens and stop notices have been recorded and notice thereof given in writing to the CITY, and if no claims have been recorded, the security may be released in full.

11. Security for One-Year Warranty Period. The release procedures described in paragraphs 9 and 10 above shall not apply to any required guarantee and warranty period nor to the amount of the performance bond security deemed necessary by the CITY for the guarantee and warranty period nor to costs and reasonable expenses and fees, including reasonable attorneys' fees.

12. Binding Effect. This Security Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their legal representatives and their successors and assigns.

13. Authority to Execute. The DEVELOPER hereby warrants and represents to the CITY that the individual signing this Security Agreement on behalf of the DEVELOPER is vested with the unconditional authority to do so pursuant to, and in accordance with, all applicable legal requirements, and has the authority bind the DEVELOPER hereto.

14. No Assignment. The DEVELOPER may not assign this Security Agreement, or any part thereof, to another without the prior written consent of the CITY.

15. Attorneys' Fees. In the event of legal action to enforce or interpret this Agreement or any of its provisions, the prevailing party shall be entitled, in addition to any other form of relief, to recover its reasonable attorneys' fees and costs of suit.

16. Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but which together shall constitute a single agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the dates listed below.

CITY OF BEAUMONT

By _____
Mayor

Date

DEVELOPER

By Jeffrey R. Chambers

11-13-2018
Date

Title: Jeffrey R. Chambers
Vice President Development

Address: 1250 Corona Pointe Court
Suite 600
Corona, CA 92879

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

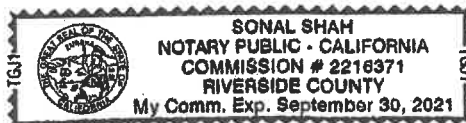
State of California
County of Riverside)

On November 13, 2018 before me, Sonal Shah, Notary Public
(insert name and title of the officer)

personally appeared Jeffrey R. Chambers,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.



Signature *Sonal Shah* (Seal)

Basic Gov (Sales Force) # PW2018-0213
File # _____

Bond No. 30055682
Premium: \$346.00

EXHIBIT "A"

PERFORMANCE BOND

WHEREAS, the City Council of the City of Beaumont, State of California, and _____
Pardee Homes (hereinafter designated as "Principal") have entered into
Agreement To Provide Security For Improvements For Tract Map Or Parcel Map Or Plot Plan,
dated November 13, 2018, whereby Principal agrees to install and complete certain designated
public improvements itemized and described on Tract Map, Parcel Map or Plot Plan No. Sundance PA 47 Monuments
which is hereby incorporated herein and made a part hereof; and Tract Map 37428

WHEREAS, Principal is required under the terms of the said agreement to furnish a bond for the
faithful performance of said agreement.

NOW, THEREFORE, we, the Principal and The Continental Insurance Company,
as Surety, are held and firmly bound unto the City of Beaumont (hereinafter called "City"), in the penal
sum of Eighty-Six Thousand Five Hundred & No/100- dollars (\$ 86,500.00) lawful money of the
United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs,
successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the Principal, his or its heirs, executors,
administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and
perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as
therein provided, on his or their part to be kept and performed at the time and in the manner therein
specified, and in all respects according to their true intent and meaning, and shall indemnify and save
harmless the City, its officers, agents and employees as therein stipulated, then this obligation shall
become null and void; otherwise it shall be and remain in full force and effect.

As part of the obligation secured hereby and in addition to the face amount specified therefor,
there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees,
incurred by the City in successfully enforcing such obligation, all to be taxed as costs and included in any
judgment therein rendered.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition
to the terms of the agreement or to the work to be performed thereunder or the specifications
accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive
notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the
work or to the specifications.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety
above named, on November 8, 2018.

PRINCIPAL:

Pardee Homes

By _____

Title Jeffrey R. Chambers
Vice President Development

SURETY:

The Continental Insurance Company

By _____

Title Janina Monroe, Attorney-In-Fact

CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of Orange }

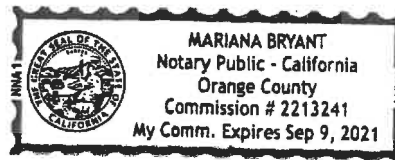
On NOV 0 8 2018 before me, Mariana Bryant, Notary Public,
(Here insert name and title of the officer)

personally appeared Janina Monroe,
who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose
name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that
~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity~~(ies)~~, and that by
~~his/her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of
which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Mariana Bryant
Notary Public Signature (Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT
Performance Bond
(Title or description of attached document)
30055682
(Title or description of attached document continued)
Number of Pages 1 Document Date 11/8/18

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
 Corporate Officer

(Title)

- Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That The Continental Insurance Company, a Pennsylvania insurance company, is a duly organized and existing insurance company having its principal office in the City of Chicago, and State of Illinois, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Janina Monroe, Tom Mc Call, Paul Boucher, Individually

of Los Angeles, CA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the insurance company and all the acts of said Attorney, pursuant to the authority hereby given is hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Board of Directors of the insurance company.

In Witness Whereof, The Continental Insurance Company has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 27th day of July, 2018.

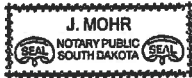


The Continental Insurance Company

Paul T. Bruflat
Paul T. Bruflat Vice President

State of South Dakota, County of Minnehaha, ss:

On this 27th day of July, 2018, before me personally came Paul T. Bruflat to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is a Vice President of The Continental Insurance Company, a Pennsylvania insurance company, described in and which executed the above instrument; that he knows the seal of said insurance company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said insurance company and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said insurance company.



My Commission Expires June 23, 2021

J. Mohr

J. Mohr Notary Public

CERTIFICATE

I, D. Johnson, Assistant Secretary of The Continental Insurance Company, a Pennsylvania insurance company, do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of the insurance company printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said insurance company this NOV 08 2018 day of _____, _____.



The Continental Insurance Company

D. Johnson
D. Johnson Assistant Secretary

Form F6850-4/2012

Go to www.cnasurety.com > Owner / Obligee Services > Validate Bond Coverage, if you want to verify bond authenticity.

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Riverside)

On November 13, 2018 before me, Sonal Shah, Notary Public
(insert name and title of the officer)

personally appeared Jeffrey R. Chambers,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.



Signature *Sonal Shah* (Seal)

EXHIBIT "B"

PAYMENT BOND

WHEREAS, the City Council of the City of Beaumont, State of California, and Pardee Homes (hereafter designated as "the Principal") have entered into Agreement To Provide Security For Improvements For Tract Map Or Parcel Map Or Plot Plan, dated November 13, 2018, whereby Principal agrees to install and complete certain designated public improvements itemized and described on Tract Map, Parcel Map or Plot Plan No. Sundance PA 47 Mounuments Tract Map 37428 which is hereby incorporated herein and made a part hereof; and

WHEREAS, under the terms of the said agreement, the Principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Beaumont to secure the claims to which reference is made in Section 8000, et seq., of the Civil Code of the State of California.

NOW, THEREFORE, the Principal and the undersigned as corporate surety, are held firmly bound unto the City of Beaumont and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the said agreement and referred to at Section 8000, et seq., of the Civil Code in the sum of Eighty-Six Thousand Five Hundred & No/100 dollars (\$ 86,500.00), for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to this work or labor, that the Surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing this obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Section 8000, et seq., of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on November 8, 20 18.

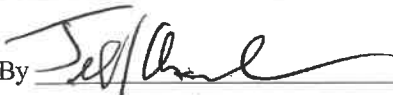
PRINCIPAL:

SURETY:

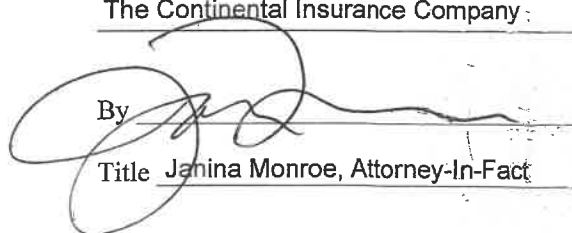
Pardee Homes

The Continental Insurance Company

By



By



Title Jeffrey R. Chambers
Vice President Development

Title Janina Monroe, Attorney-In-Fact

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of Orange }

On NOV 08 2018 before me, Mariana Bryant, Notary Public,
(Here insert name and title of the officer)

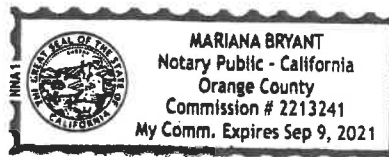
personally appeared Janina Monroe,
who proved to me on the basis of satisfactory evidence to be the person ~~(s)~~ whose
name ~~(s)~~ is/are subscribed to the within instrument and acknowledged to me that
~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity ~~(ies)~~, and that by
~~his/her/their~~ signature ~~(s)~~ on the instrument the person ~~(s)~~, or the entity upon behalf of
which the person ~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.


Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT
Payment Bond
(Title or description of attached document)
30055682
(Title or description of attached document continued)
Number of Pages 1 Document Date 11/8/18

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
 Corporate Officer

(Title)

- Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is/are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That The Continental Insurance Company, a Pennsylvania insurance company, is a duly organized and existing insurance company having its principal office in the City of Chicago, and State of Illinois, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Janina Monroe, Tom Mc Call, Paul Boucher, Individually

of Los Angeles, CA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the insurance company and all the acts of said Attorney, pursuant to the authority hereby given is hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Board of Directors of the insurance company.

In Witness Whereof, The Continental Insurance Company has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 27th day of July, 2018.



The Continental Insurance Company

Paul T. Bruflat
Paul T. Bruflat Vice President

State of South Dakota, County of Minnehaha, ss:

On this 27th day of July, 2018, before me personally came Paul T. Bruflat to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is a Vice President of The Continental Insurance Company, a Pennsylvania insurance company, described in and which executed the above instrument; that he knows the seal of said insurance company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said insurance company and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said insurance company.



My Commission Expires June 23, 2021

J. Mohr
J. Mohr Notary Public

CERTIFICATE

I, D. Johnson, Assistant Secretary of The Continental Insurance Company, a Pennsylvania insurance company, do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of the insurance company printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said insurance company this NOV 08 2018 day of _____, _____.



The Continental Insurance Company

D. Johnson
D. Johnson Assistant Secretary

Form F6850-4/2012

Go to www.cnasurety.com > Owner / Oblige Services > Validate Bond Coverage, if you want to verify bond authenticity.

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

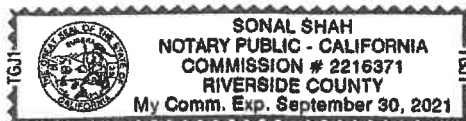
State of California
County of Riverside)

On November 13, 2018 before me, Sonal Shah, Notary Public
(insert name and title of the officer)

personally appeared Jeffrey R. Chambers,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Sonal Shah (Seal)

REPLACED W) BOND # 30055682

EXHIBIT "A"

PERFORMANCE BOND

WHEREAS, the City Council of the City of Beaumont, State of California, and Pardee Homes (hereinafter designated as "Principal") have entered into an agreement whereby Principal agrees to install and complete certain designated public improvements, which agreement, dated October 2, 2015, and identified as project TMP/PP/CUP *, is hereby referred to and made a part hereof; and Sundance PA47 TR #31469-5 Survey Monumentation

WHEREAS, Principal is required under the terms of the said agreement to furnish a bond for the faithful performance of said agreement.

NOW, THEREFORE, we, the Principal and The Continental Insurance Company, as Surety, are held and firmly bound unto the City of Beaumont (hereinafter called "City"), in the penal sum of Sixty Six Thousand and no/100 dollars (\$ 66,000.00) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the Principal, his or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or their part to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City, its officers, agents and employees as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment therein rendered.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on October 2, 2015.

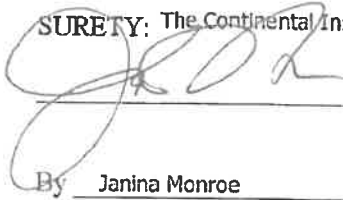
PRINCIPAL: Pardee Homes



By Jeff Chambers

Title VP Community Development

SURETY: The Continental Insurance Company



By Janina Monroe

Title Attorney-In-Fact

ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of Orange }

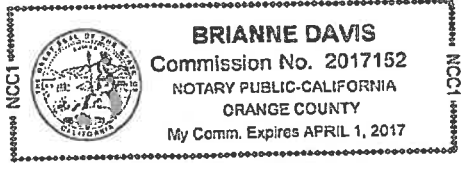
On OCT 02 2015 before me, Brianne Davis, Notary Public
(Here insert name and title of the officer)

personally appeared Janina Monroe,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Brianne Davis
Notary Public Signature (Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

CAPACITY CLAIMED BY THE SIGNER

Individual (s)

Corporate Officer

_____ (Title)

Partner(s)

Attorney-in-Fact

Trustee(s)

Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/~~she/they~~, is /~~are~~) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ◊ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ◊ Indicate title or type of attached document, number of pages and date.
 - ◊ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That The Continental Insurance Company, a Pennsylvania insurance company, is a duly organized and existing insurance company having its principal office in the City of Chicago, and State of Illinois. and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Janina Monroe, Tom Mc Call, Paul Boucher, Individually

of Irvine, CA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the insurance company and all the acts of said Attorney, pursuant to the authority hereby given is hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Board of Directors of the insurance company.

In Witness Whereof, The Continental Insurance Company has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 5th day of March, 2015.

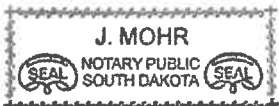


The Continental Insurance Company

Paul T. Brullat
Paul T. Brullat Vice President

State of South Dakota, County of Minnehaha, ss:

On this 5th day of March, 2015, before me personally came Paul T. Brullat to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is a Vice President of The Continental Insurance Company, a Pennsylvania insurance company, described in and which executed the above instrument; that he knows the seal of said insurance company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said insurance company and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said insurance company.



My Commission Expires June 23, 2015

J. Mohr
J. Mohr Notary Public

CERTIFICATE

I, D. Bult, Assistant Secretary of The Continental Insurance Company, a Pennsylvania insurance company, do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of the insurance company printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said insurance company this _____ day of _____



The Continental Insurance Company

D. Bult
D. Bult Assistant Secretary

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Riverside)

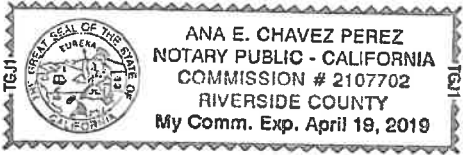
On October 2, 2015 before me, Ana E. Chavez Perez, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Jeff Chambers
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____
Document Date: _____ Number of Pages: _____
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

EXHIBIT "B"

PAYMENT BOND

WHEREAS, the City Council of the City of Beaumont, State of California, and Pardee Homes (hereafter designated as "the Principal") have entered into an agreement whereby the Principal agrees to install and complete certain designed public improvements, which agreement, dated October 2, 2015, and identified as project TM/PM/PP/CUP * _____, is hereby referred to and made a part hereof; and *Sundance PA47 TR #31469-5 Survey Monumentation

WHEREAS, under the terms of the said agreement, the Principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Beaumont to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, the Principal and the undersigned as corporate surety, are held firmly bound unto the City of Beaumont and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the said agreement and referred to in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code in the sum of Sixty Six Thousand and no/100 dollars (\$ 66,000.00), for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to this work or labor, that the Surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing this obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on October 2, 20 15.

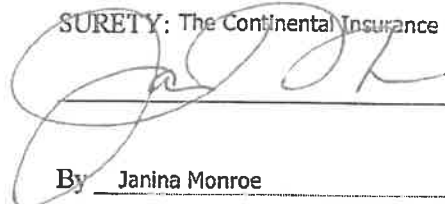
PRINCIPAL: Pardee Homes



By Jeff chambers

Title VP Community Development

SURETY: The Continental Insurance Company



By Janina Monroe

Title Attorney-In-Fact

ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of Orange }

On OCT 02 2015 before me, Brianne Davis, Notary Public
(Here insert name and title of the officer)

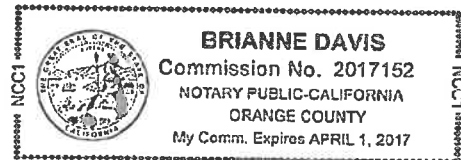
personally appeared Janina Monroe,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity(ies), and that by
~~his/her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Brianne Davis

Notary Public Signature (Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
- Corporate Officer
- _____ (Title)
- Partner(s)
- Attorney-in-Fact
- Trustee(s)
- Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is/are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That The Continental Insurance Company, a Pennsylvania insurance company, is a duly organized and existing insurance company having its principal office in the City of Chicago, and State of Illinois, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Janina Monroe, Tom Mc Call, Paul Boucher, Individually

of Irvine, CA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the insurance company and all the acts of said Attorney, pursuant to the authority hereby given is hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Board of Directors of the insurance company.

In Witness Whereof, The Continental Insurance Company has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 5th day of March, 2015.

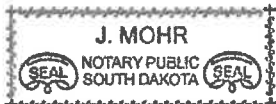


The Continental Insurance Company

Paul T. Bruflat
Paul T. Bruflat Vice President

State of South Dakota, County of Minnehaha, ss:

On this 5th day of March, 2015, before me personally came Paul T. Bruflat to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is a Vice President of The Continental Insurance Company, a Pennsylvania insurance company, described in and which executed the above instrument: that he knows the seal of said insurance company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said insurance company and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said insurance company.



My Commission Expires June 23, 2015

J. Mohr
J. Mohr Notary Public

CERTIFICATE

I, D. Bult, Assistant Secretary of The Continental Insurance Company, a Pennsylvania insurance company, do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of the insurance company printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said insurance company this _____ day of _____



The Continental Insurance Company

D. Bult
D. Bult Assistant Secretary

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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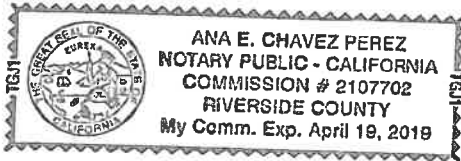
State of California)
County of Riverside)

On October 2, 2015 before me, Ana E. Chavez Perez, Notary Public,
Date Here Insert Name and Title of the Officer
personally appeared Jeff Chambers
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____
Document Date: _____ Number of Pages: _____
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

**AGREEMENT TO PROVIDE SECURITY FOR IMPROVEMENTS
FOR TRACT MAP OR PARCEL MAP OR PLOT PLAN**

(Tract Map/Parcel Map/Plot Plan No. 37427) **MONUMENTATION**

THIS SECURITY AGREEMENT is made by and between CITY OF BEAUMONT ("CITY") and Pardee Homes, a California company ("DEVELOPER").

RECITALS

A. DEVELOPER has applied to the CITY for permission to develop certain real property, pursuant to Tract Map/Parcel Map/Plot Plan # 37427, ("Map"). DEVELOPER has also asked the CITY to accept the dedication of the street or streets and other proposed public rights-of-way, parks and recreation facilities, and easements as depicted on the Map and to otherwise approve the Map so that it may be recorded as required by law; and

B. The CITY requires, as a condition precedent to the acceptance and approval of the Map and the dedication of the public rights-of-way and easements depicted thereon, that such rights-of-way be improved with (for example) grading, paving, curbs, gutters, sidewalks, street lights, stormdrains, sanitary sewers and appurtenances thereto, street name signs, survey monuments, electrical and telecommunications, water pipes, water mains, fire hydrants and appurtenances thereto, and landscaping, including any warranty work for all such improvements (collectively, "Improvements"); and

C. The Improvements have not yet been constructed and completed and it is the purpose of this Security Agreement to set forth the terms and conditions by which the DEVELOPER shall guarantee that such Improvements shall be constructed and completed within the time set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the acceptance of the DEVELOPER's offer of dedication and the approval of the Map for filing and recording as provided and required by law, the CITY and the DEVELOPER hereby agree as follows:

1. Provision of Improvements. DEVELOPER shall provide, at the DEVELOPER's sole cost and expense, all necessary labor and materials to complete the construction of the Improvements depicted on the Map and described in the conditions of approval of the Map within one (1) year of the date of this Security Agreement.

2. Inspection by the CITY. The CITY shall inspect, at the DEVELOPER's sole cost and expense, all of the work, labor and materials performed and provided by the DEVELOPER in connection with the Improvements.

3. Compliance with Plans and Specifications. The Improvements shall be constructed and installed in strict accordance with the CITY-approved plans and specifications.

4. Security for Performance. Concurrently with the execution of this Security Agreement by DEVELOPER, DEVELOPER shall deliver to the CITY a performance bond issued by a corporate surety in substantially the form attached hereto as Exhibit "A", in an amount that is not less than 100% of the total estimated cost of the Improvements and any warranty therefor. The performance bond shall be issued by an "admitted" corporate surety insurer authorized to do business in the State of California and the surety insurer shall have an A.M. Best rating of at least "A, XV". The surety insurer shall have assets exceeding its liabilities in the amount equal to or in excess of the amount of the bond, and the bond shall not be in excess of 10% of the surety insurer's assets. The security or bond shall also insure against any and all defects in the Improvements for a period of not less than one full year after the date of acceptance thereof by the CITY. The bond shall be duly executed and shall meet all the requirements of Section 995.660 of the California Code of Civil Procedure.

5. Security for Contractors, Subcontractors, Laborers and Materialmen. The DEVELOPER shall also provide a payment bond issued by a corporate surety for the security of laborers and materialmen, which bond or bonds shall be in substantially the form attached hereto as Exhibit "B" and made a part hereof. The amount of the bond(s) shall be no less than 100% of the total estimated amount needed to secure payment to the contractor, to the subcontractors, and to the persons furnishing labor, materials, or equipment to them for the Improvements. The laborers and materialmen bond shall be provided by an "admitted" corporate surety insurer authorized to transact surety insurance in the State of California with an A.M. Best rating of "A, XV", and with assets exceeding its liabilities in the amount equal to or in excess of the amount of the bond, and the bond shall not be in excess of 10% of the surety insurer's assets. The bond shall be duly executed and shall meet all the requirements of Section 995.660 of the California Code of Civil Procedure.

6. General Liability and Worker's Compensation Insurance. The DEVELOPER shall, before commencing any work, obtain commercial general liability insurance (primary) of not less than \$2,000,000.00 per occurrence for all coverages and \$2,000,000.00 general aggregate. The CITY and its employees and agents shall be added as additional insureds. Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to the CITY or any employee or agent of the CITY. Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Coverage shall contain no contractors' limitation endorsement. There shall be no endorsement or modification limiting the scope of coverage for liability arising from pollution, explosion, collapse, underground property damage or employment-related practices. Such insurance shall not prohibit the DEVELOPER, and its employees or agents, from waiving the right of subrogation prior to a loss. The DEVELOPER waives its right of subrogation against the CITY. Unless otherwise approved by the CITY, the DEVELOPER's insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best rating of "A, XV." Self-insurance shall not be considered to comply with these insurance specifications. The DEVELOPER agrees to require all contractors, subcontractors and other parties hired for the Improvements to purchase and maintain insurance of the types specified

herein, naming as additional insureds all of the parties to this Security Agreement. The DEVELOPER shall, before commencing any work, obtain Worker's Compensation Insurance in an amount required by law and, failing to do so, the CITY may procure such insurance at the cost of the DEVELOPER.

7. Comprehensive Commercial General and Automobile Liability Insurance. The DEVELOPER, before commencing any work shall, at its own expense, maintain comprehensive commercial general and automobile liability insurance issued by a California-admitted surety company with an A.M. Best rating of no less than "A, XV" for \$2,000,000 per occurrence. Coverage shall be for the entire duration of the permitted activities. Such liability insurance policy shall name, by endorsement, the City as an additional insured.

8. Indemnification. Notwithstanding the provisions of Government Code, Section 66474.9 or any other statutes of similar import, and to the full extent permitted by law, the DEVELOPER shall defend, indemnify and hold harmless the CITY, its employees, agents, officials and attorneys, from and against any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind or nature, whether actual, alleged or threatened, reasonable attorneys' fees, court costs, interest, expert witness fees and any other costs or expenses of any kind whatsoever, without restriction or limitation, incurred in relation to, as a consequence of, or arising out of or in any way attributable actually, allegedly or impliedly, in whole or in part, to the Map, the Improvements, this Agreement, or any matter related to the same; provided, however, that the indemnification to be provided by DEVELOPER to the CITY pursuant to the terms of this paragraph shall not be applicable where the aforementioned liability, claim, suit, action, etcetera, is the result of the sole negligence or sole willful misconduct of the CITY.

9. Procedure for Release of Performance Bond Security. The security furnished by the DEVELOPER shall be released in whole or in part in the following manner:

a. Security shall be released upon final completion and acceptance of the Improvements. If the security furnished by the DEVELOPER is a documentary evidence of security, such as a surety bond, the CITY shall release the documentary evidence and return the original to the Surety upon final completion and acceptance of the Improvements. In the event the CITY is unable to return the original documentary evidence to the Surety, the security shall be released by written notice sent by certified mail to the DEVELOPER and to the Surety within 30 days of the City's acceptance of the Improvements. The written notice shall contain a statement that the work for which security was furnished has been completed and accepted, a description of the Improvements, and the notarized signature of an authorized CITY official.

b. At such time as the DEVELOPER believes that the work for which the security was required is complete and makes payment of a partial exoneration fee of \$350 to the CITY, the DEVELOPER shall notify the CITY in writing of the completed work, including a list of work completed. Upon receipt of the written notice, the CITY shall have 45 days to review and comment or approve the completion of the Improvements. If the CITY does not agree that all work has been completed in accordance with the plans

and specifications for the Improvements, it shall supply a list of all remaining work to be completed.

c. Within 45 days of receipt of the CITY's list of remaining work, the DEVELOPER may then provide cost estimates for all remaining work for review and approval by the CITY.

d. Upon receipt of the cost estimates, the CITY shall then have 45 days to review, comment, and approve, modify or disapprove those cost estimates. The CITY shall not be required to engage in this process of partial release more than once between the start of work and the completion and acceptance of all work.

e. The DEVELOPER shall complete the works of Improvement until all remaining items are accepted by the CITY. Upon completion of the Improvements, the DEVELOPER shall be notified in writing by the CITY within 45 days and, within 45 days of the date of the CITY's notice, the release of any remaining performance security shall be made within 60 days of the recording of the Notice of Completion.

10. Procedure for Release of Payment Bond Security. Security securing the payment to the contractor, his or her subcontractors and persons furnishing labor, materials or equipment may, after passage of the time within which mechanic's liens and stop notices are required to be recorded and after acceptance of the Improvements, be reduced by Surety to an amount equal to the total claimed by all claimants for whom mechanic's liens and stop notices have been recorded and notice thereof given in writing to the CITY, and if no claims have been recorded, the security may be released in full.

11. Security for One-Year Warranty Period. The release procedures described in paragraphs 9 and 10 above shall not apply to any required guarantee and warranty period nor to the amount of the performance bond security deemed necessary by the CITY for the guarantee and warranty period nor to costs and reasonable expenses and fees, including reasonable attorneys' fees.

12. Binding Effect. This Security Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their legal representatives and their successors and assigns.

13. Authority to Execute. The DEVELOPER hereby warrants and represents to the CITY that the individual signing this Security Agreement on behalf of the DEVELOPER is vested with the unconditional authority to do so pursuant to, and in accordance with, all applicable legal requirements, and has the authority bind the DEVELOPER hereto.

14. No Assignment. The DEVELOPER may not assign this Security Agreement, or any part thereof, to another without the prior written consent of the CITY.

15. Attorneys' Fees. In the event of legal action to enforce or interpret this Agreement or any of its provisions, the prevailing party shall be entitled, in addition to any other form of relief, to recover its reasonable attorneys' fees and costs of suit.

16. Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but which together shall constitute a single agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the dates listed below.

CITY OF BEAUMONT

By _____
Mayor

Date

DEVELOPER

By  _____

11-13-2018
Date

Jeffrey R. Chambers
Title: Vice President Development

Address: 1250 Corona Pointe Court
Suite 600
Corona, CA 92879

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Riverside)

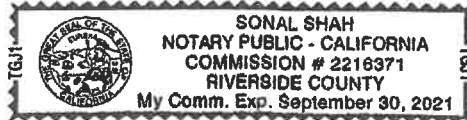
On November 13, 2018 before me, Sonal Shah, Notary Public
(insert name and title of the officer)

personally appeared Jeffrey R. Chambers,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Sonal Shah* (Seal)



Basic Gov (Sales Force) # PW2018-0215
File # _____
Bond No. 30055684
Premium: \$78.00

EXHIBIT "A"

PERFORMANCE BOND

WHEREAS, the City Council of the City of Beaumont, State of California, and _____
Pardee Homes (hereinafter designated as "Principal") have entered into
Agreement To Provide Security For Improvements For Tract Map Or Parcel Map Or Plot Plan,
dated November 13, 2018, whereby Principal agrees to install and complete certain designated
public improvements itemized and described on Tract Map, Parcel Map or Plot Plan No. Sundance PA 54 Monuments
which is hereby incorporated herein and made a part hereof; and Tract Map 37427

WHEREAS, Principal is required under the terms of the said agreement to furnish a bond for the
faithful performance of said agreement.

NOW, THEREFORE, we, the Principal and The Continental Insurance Company,
as Surety, are held and firmly bound unto the City of Beaumont (hereinafter called "City"), in the penal
sum of Nineteen Thousand Five Hundred & No/100- dollars (\$ 19,500.00) lawful money of the
United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs,
successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the Principal, his or its heirs, executors,
administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and
perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as
therein provided, on his or their part to be kept and performed at the time and in the manner therein
specified, and in all respects according to their true intent and meaning, and shall indemnify and save
harmless the City, its officers, agents and employees as therein stipulated, then this obligation shall
become null and void; otherwise it shall be and remain in full force and effect.

As part of the obligation secured hereby and in addition to the face amount specified therefor,
there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees,
incurred by the City in successfully enforcing such obligation, all to be taxed as costs and included in any
judgment therein rendered.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition
to the terms of the agreement or to the work to be performed thereunder or the specifications
accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive
notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the
work or to the specifications.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety
above named, on November 8, 2018.

PRINCIPAL:

Pardee Homes

By _____

Title _____

Jeffrey R. Chambers
Vice President Development

SURETY:

The Continental Insurance Company

By _____

Title _____

Janina Monroe, Attorney-In-Fact

CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of Orange }

On NOV 08 2018 before me, Mariana Bryant, Notary Public
(Here insert name and title of the officer)

personally appeared Janina Monroe
who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~/~~she~~/~~they~~ executed the same in ~~his~~/~~her~~/~~their~~ authorized capacity~~(ies)~~, and that by ~~his~~/~~her~~/~~their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Mariana Bryant
Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT
Performance Bond
(Title or description of attached document)

30055684
(Title or description of attached document continued)

Number of Pages 1 Document Date 11/8/18

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
 Corporate Officer

- _____
(Title)
- Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he~~/~~she~~/~~they~~ - is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That The Continental Insurance Company, a Pennsylvania insurance company, is a duly organized and existing insurance company having its principal office in the City of Chicago, and State of Illinois, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Janina Monroe, Tom Mc Call, Paul Boucher, Individually

of Los Angeles, CA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the insurance company and all the acts of said Attorney, pursuant to the authority hereby given is hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Board of Directors of the insurance company.

In Witness Whereof, The Continental Insurance Company has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 27th day of July, 2018.



The Continental Insurance Company

Paul T. Bruflat
Paul T. Bruflat Vice President

State of South Dakota, County of Minnehaha, ss:

On this 27th day of July, 2018, before me personally came Paul T. Bruflat to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is a Vice President of The Continental Insurance Company, a Pennsylvania insurance company, described in and which executed the above instrument; that he knows the seal of said insurance company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said insurance company and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said insurance company.



My Commission Expires June 23, 2021

J. Mohr
J. Mohr Notary Public

CERTIFICATE

I, D. Johnson, Assistant Secretary of The Continental Insurance Company, a Pennsylvania insurance company, do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of the insurance company printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said insurance company this _____ day of _____, 2018.



The Continental Insurance Company

D. Johnson
D. Johnson Assistant Secretary

Form F6850-4/2012

Go to www.cnasurety.com > Owner / Obligee Services > Validate Bond Coverage, if you want to verify bond authenticity.

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Riverside)

On November 13, 2018 before me, Sonal Shah, Notary Public
(insert name and title of the officer)

personally appeared Jeffrey R. Chambers,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.



Signature Sonal Shah (Seal)

EXHIBIT "B"

PAYMENT BOND

WHEREAS, the City Council of the City of Beaumont, State of California, and Pardee Homes (hereafter designated as "the Principal") have entered into Agreement To Provide Security For Improvements For Tract Map Or Parcel Map Or Plot Plan, dated November 13, 2018, whereby Principal agrees to install and complete certain designated public improvements itemized and described on Tract Map, Parcel Map or Plot Plan No. Sundance, PA 54 which is hereby incorporated herein and made a part hereof; and Monuments Tract Map 37427

WHEREAS, under the terms of the said agreement, the Principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Beaumont to secure the claims to which reference is made in Section 8000, et seq., of the Civil Code of the State of California.

NOW, THEREFORE, the Principal and the undersigned as corporate surety, are held firmly bound unto the City of Beaumont and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the said agreement and referred to at Section 8000, et seq., of the Civil Code in the sum of Nineteen Thousand Five Hundred & No/100 dollars (\$ 19,500.00), for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to this work or labor, that the Surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing this obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Section 8000, et seq., of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on November 8, 20 18.

PRINCIPAL:

Pardee Homes

By 

Title Jeffrey R. Chambers
Vice President Development

SURETY:

The Continental Insurance Company

By 

Title Janina Monroe, Attorney-In-Fact

CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

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State of California }

County of Orange }

On NOV 08 2018 before me, Mariana Bryant, Notary Public,
(Here insert name and title of the officer)

personally appeared Janina Monroe,
who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose
name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that
~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity~~(ies)~~, and that by
~~his/her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of
which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Mariana Bryant
Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT
Payment Bond
(Title or description of attached document)
30055684
(Title or description of attached document continued)
Number of Pages 1 Document Date 11/8/18

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
 Corporate Officer

(Title)
 Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

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Know All Men By These Presents, That The Continental Insurance Company, a Pennsylvania insurance company, is a duly organized and existing insurance company having its principal office in the City of Chicago, and State of Illinois, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Janina Monroe, Tom Mc Call, Paul Boucher, Individually

of Los Angeles, CA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the insurance company and all the acts of said Attorney, pursuant to the authority hereby given is hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Board of Directors of the insurance company.

In Witness Whereof, The Continental Insurance Company has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 27th day of July, 2018.



The Continental Insurance Company

Paul T. Bruflat
Paul T. Bruflat Vice President

State of South Dakota, County of Minnehaha, ss:

On this 27th day of July, 2018, before me personally came Paul T. Bruflat to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is a Vice President of The Continental Insurance Company, a Pennsylvania insurance company, described in and which executed the above instrument; that he knows the seal of said insurance company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said insurance company and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said insurance company.



My Commission Expires June 23, 2021

J. Mohr
J. Mohr Notary Public

CERTIFICATE

I, D. Johnson, Assistant Secretary of The Continental Insurance Company, a Pennsylvania insurance company, do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of the insurance company printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said insurance company this _____ day of **NOV 08 2018**, _____.



The Continental Insurance Company

D. Johnson
D. Johnson Assistant Secretary

Form F6850-4/2012

Go to www.cnasurety.com > Owner / Oblige Services > Validate Bond Coverage, if you want to verify bond authenticity.

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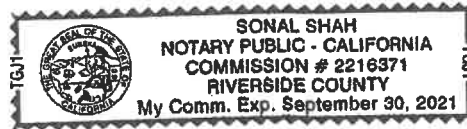
State of California
County of Riverside)

On November 13, 2018 before me, Sonal Shah, Notary Public
(insert name and title of the officer)

personally appeared Jeffrey R. Chambers,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.



Signature Sonal Shah (Seal)

**AGREEMENT TO PROVIDE SECURITY FOR IMPROVEMENTS
FOR TRACT MAP OR PARCEL MAP OR PLOT PLAN**

(Tract Map/~~Parcel Map~~/~~Plot Plan~~ No. 37428)

THIS SECURITY AGREEMENT is made by and between CITY OF BEAUMONT ("CITY") and Pardee Homes, a California company ("DEVELOPER").

RECITALS

A. DEVELOPER has applied to the CITY for permission to develop certain real property, pursuant to ~~Tract Map/Parcel Map/Plot Plan # 37428~~, ("Map"). DEVELOPER has also asked the CITY to accept the dedication of the street or streets and other proposed public rights-of-way, parks and recreation facilities, and easements as depicted on the Map and to otherwise approve the Map so that it may be recorded as required by law; and

B. The CITY requires, as a condition precedent to the acceptance and approval of the Map and the dedication of the public rights-of-way and easements depicted thereon, that such rights-of-way be improved with (for example) grading, paving, curbs, gutters, sidewalks, street lights, stormdrains, sanitary sewers and appurtenances thereto, street name signs, survey monuments, electrical and telecommunications, water pipes, water mains, fire hydrants and appurtenances thereto, and landscaping, including any warranty work for all such improvements (collectively, "Improvements"); and

C. The Improvements have not yet been constructed and completed and it is the purpose of this Security Agreement to set forth the terms and conditions by which the DEVELOPER shall guarantee that such Improvements shall be constructed and completed within the time set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the acceptance of the DEVELOPER's offer of dedication and the approval of the Map for filing and recording as provided and required by law, the CITY and the DEVELOPER hereby agree as follows:

1. Provision of Improvements. DEVELOPER shall provide, at the DEVELOPER's sole cost and expense, all necessary labor and materials to complete the construction of the Improvements depicted on the Map and described in the conditions of approval of the Map within one (1) year of the date of this Security Agreement.

2. Inspection by the CITY. The CITY shall inspect, at the DEVELOPER's sole cost and expense, all of the work, labor and materials performed and provided by the DEVELOPER in connection with the Improvements.

3. Compliance with Plans and Specifications. The Improvements shall be constructed and installed in strict accordance with the CITY-approved plans and specifications.

4. Security for Performance. Concurrently with the execution of this Security Agreement by DEVELOPER, DEVELOPER shall deliver to the CITY a performance bond issued by a corporate surety in substantially the form attached hereto as **Exhibit "A"**, in an amount that is not less than 100% of the total estimated cost of the Improvements and any warranty therefor. The performance bond shall be issued by an "admitted" corporate surety insurer authorized to do business in the State of California and the surety insurer shall have an A.M. Best rating of at least "A, XV". The surety insurer shall have assets exceeding its liabilities in the amount equal to or in excess of the amount of the bond, and the bond shall not be in excess of 10% of the surety insurer's assets. The security or bond shall also insure against any and all defects in the Improvements for a period of not less than one full year after the date of acceptance thereof by the CITY. The bond shall be duly executed and shall meet all the requirements of Section 995.660 of the California Code of Civil Procedure.

5. Security for Contractors, Subcontractors, Laborers and Materialmen. The DEVELOPER shall also provide a payment bond issued by a corporate surety for the security of laborers and materialmen, which bond or bonds shall be in substantially the form attached hereto as **Exhibit "B"** and made a part hereof. The amount of the bond(s) shall be no less than 100% of the total estimated amount needed to secure payment to the contractor, to the subcontractors, and to the persons furnishing labor, materials, or equipment to them for the Improvements. The laborers and materialmen bond shall be provided by an "admitted" corporate surety insurer authorized to transact surety insurance in the State of California with an A.M. Best rating of "A, XV", and with assets exceeding its liabilities in the amount equal to or in excess of the amount of the bond, and the bond shall not be in excess of 10% of the surety insurer's assets. The bond shall be duly executed and shall meet all the requirements of Section 995.660 of the California Code of Civil Procedure.

6. General Liability and Worker's Compensation Insurance. The DEVELOPER shall, before commencing any work, obtain commercial general liability insurance (primary) of not less than \$2,000,000.00 per occurrence for all coverages and \$2,000,000.00 general aggregate. The CITY and its employees and agents shall be added as additional insureds. Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to the CITY or any employee or agent of the CITY. Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Coverage shall contain no contractors' limitation endorsement. There shall be no endorsement or modification limiting the scope of coverage for liability arising from pollution, explosion, collapse, underground property damage or employment-related practices. Such insurance shall not prohibit the DEVELOPER, and its employees or agents, from waiving the right of subrogation prior to a loss. The DEVELOPER waives its right of subrogation against the CITY. Unless otherwise approved by the CITY, the DEVELOPER's insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best rating of "A, XV." Self-insurance shall not be considered to comply with these insurance specifications. The DEVELOPER agrees to require all contractors, subcontractors and other parties hired for the Improvements to purchase and maintain insurance of the types specified

herein, naming as additional insureds all of the parties to this Security Agreement. The DEVELOPER shall, before commencing any work, obtain Worker's Compensation Insurance in an amount required by law and, failing to do so, the CITY may procure such insurance at the cost of the DEVELOPER.

7. Comprehensive Commercial General and Automobile Liability Insurance. The DEVELOPER, before commencing any work shall, at its own expense, maintain comprehensive commercial general and automobile liability insurance issued by a California-admitted surety company with an A.M. Best rating of no less than "A, XV" for \$2,000,000 per occurrence. Coverage shall be for the entire duration of the permitted activities. Such liability insurance policy shall name, by endorsement, the City as an additional insured.

8. Indemnification. Notwithstanding the provisions of Government Code, Section 66474.9 or any other statutes of similar import, and to the full extent permitted by law, the DEVELOPER shall defend, indemnify and hold harmless the CITY, its employees, agents, officials and attorneys, from and against any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind or nature, whether actual, alleged or threatened, reasonable attorneys' fees, court costs, interest, expert witness fees and any other costs or expenses of any kind whatsoever, without restriction or limitation, incurred in relation to, as a consequence of, or arising out of or in any way attributable actually, allegedly or impliedly, in whole or in part, to the Map, the Improvements, this Agreement, or any matter related to the same; provided, however, that the indemnification to be provided by DEVELOPER to the CITY pursuant to the terms of this paragraph shall not be applicable where the aforementioned liability, claim, suit, action, etcetera, is the result of the sole negligence or sole willful misconduct of the CITY.

9. Procedure for Release of Performance Bond Security. The security furnished by the DEVELOPER shall be released in whole or in part in the following manner:

a. Security shall be released upon final completion and acceptance of the Improvements. If the security furnished by the DEVELOPER is a documentary evidence of security, such as a surety bond, the CITY shall release the documentary evidence and return the original to the Surety upon final completion and acceptance of the Improvements. In the event the CITY is unable to return the original documentary evidence to the Surety, the security shall be released by written notice sent by certified mail to the DEVELOPER and to the Surety within 30 days of the City's acceptance of the Improvements. The written notice shall contain a statement that the work for which security was furnished has been completed and accepted, a description of the Improvements, and the notarized signature of an authorized CITY official.

b. At such time as the DEVELOPER believes that the work for which the security was required is complete and makes payment of a partial exoneration fee of \$350 to the CITY, the DEVELOPER shall notify the CITY in writing of the completed work, including a list of work completed. Upon receipt of the written notice, the CITY shall have 45 days to review and comment or approve the completion of the Improvements. If the CITY does not agree that all work has been completed in accordance with the plans

and specifications for the Improvements, it shall supply a list of all remaining work to be completed.

c. Within 45 days of receipt of the CITY's list of remaining work, the DEVELOPER may then provide cost estimates for all remaining work for review and approval by the CITY.

d. Upon receipt of the cost estimates, the CITY shall then have 45 days to review, comment, and approve, modify or disapprove those cost estimates. The CITY shall not be required to engage in this process of partial release more than once between the start of work and the completion and acceptance of all work.

e. The DEVELOPER shall complete the works of Improvement until all remaining items are accepted by the CITY. Upon completion of the Improvements, the DEVELOPER shall be notified in writing by the CITY within 45 days and, within 45 days of the date of the CITY's notice, the release of any remaining performance security shall be made within 60 days of the recording of the Notice of Completion.

10. Procedure for Release of Payment Bond Security. Security securing the payment to the contractor, his or her subcontractors and persons furnishing labor, materials or equipment may, after passage of the time within which mechanic's liens and stop notices are required to be recorded and after acceptance of the Improvements, be reduced by Surety to an amount equal to the total claimed by all claimants for whom mechanic's liens and stop notices have been recorded and notice thereof given in writing to the CITY, and if no claims have been recorded, the security may be released in full.

11. Security for One-Year Warranty Period. The release procedures described in paragraphs 9 and 10 above shall not apply to any required guarantee and warranty period nor to the amount of the performance bond security deemed necessary by the CITY for the guarantee and warranty period nor to costs and reasonable expenses and fees, including reasonable attorneys' fees.

12. Binding Effect. This Security Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their legal representatives and their successors and assigns.

13. Authority to Execute. The DEVELOPER hereby warrants and represents to the CITY that the individual signing this Security Agreement on behalf of the DEVELOPER is vested with the unconditional authority to do so pursuant to, and in accordance with, all applicable legal requirements, and has the authority bind the DEVELOPER hereto.

14. No Assignment. The DEVELOPER may not assign this Security Agreement, or any part thereof, to another without the prior written consent of the CITY.

15. Attorneys' Fees. In the event of legal action to enforce or interpret this Agreement or any of its provisions, the prevailing party shall be entitled, in addition to any other form of relief, to recover its reasonable attorneys' fees and costs of suit.

16. Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but which together shall constitute a single agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the dates listed below.

CITY OF BEAUMONT

By _____
Mayor

Date

DEVELOPER

By Jeffrey R. Chambers

Date 11-15-2018

Title: Jeffrey R. Chambers
Vice President Development

Address: 1250 Corona Pointe Court
Suite 600
Corona, CA 92879

ACKNOWLEDGMENT

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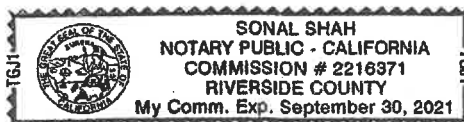
State of California
County of Riverside)

On November 15, 2018 before me, Sonal Shah, Notary Public
(insert name and title of the officer)

personally appeared Jeffrey R. Chambers,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature *Sonal Shah* (Seal)

Basic Gov (Sales Force) # PW2018-0226
File # 3219
Bond No. 30055685
Premium: \$4,633.00

EXHIBIT "A"

PERFORMANCE BOND

WHEREAS, the City Council of the City of Beaumont, State of California, and Pardee Homes (hereinafter designated as "Principal") have entered into Agreement To Provide Security For Improvements For Tract Map Or Parcel Map Or Plot Plan, dated November 15, 2018, whereby Principal agrees to install and complete certain designated public improvements itemized and described on Tract Map, Parcel Map or Plot Plan No. Sundance, Tract 37428 PA47 Street Improvements and Storm Drain which is hereby incorporated herein and made a part hereof; and

WHEREAS, Principal is required under the terms of the said agreement to furnish a bond for the faithful performance of said agreement.

NOW, THEREFORE, we, the Principal and The Continental Insurance Company, as Surety, are held and firmly bound unto the City of Beaumont (hereinafter called "City"), in the penal sum of One Million One Hundred Fifty-Eight Thousand Two * 00 dollars (\$ 1,158,260.70) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

*Hundred Sixty and 70/100---

The condition of this obligation is such that if the Principal, his or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or their part to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City, its officers, agents and employees as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment therein rendered.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on November 14, 2018.

PRINCIPAL:

Pardee Homes

By 

Title Jeffrey R. Chambers
Vice President Development

SURETY:

The Continental Insurance Company

By 

Title Janina Monroe, Attorney-In-Fact

CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of Orange }

On NOV 14 2018 before me, Mariana Bryant, Notary Public
(Here insert name and title of the officer)

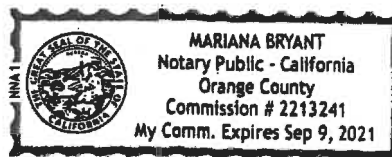
personally appeared Janina Monroe,
who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose
name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that
~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity~~(ies)~~, and that by
~~his/her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of
which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Mariana Bryant
Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT
Performance Bond
(Title or description of attached document)
30055685
(Title or description of attached document continued)
Number of Pages 1 Document Date 11/14/18

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
 Corporate Officer

(Title)
 Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they- is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That The Continental Insurance Company, a Pennsylvania insurance company, is a duly organized and existing insurance company having its principal office in the City of Chicago, and State of Illinois, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Janina Monroe, Tom Mc Call, Paul Boucher, Individually

of Los Angeles, CA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the insurance company and all the acts of said Attorney, pursuant to the authority hereby given is hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Board of Directors of the insurance company.

In Witness Whereof, The Continental Insurance Company has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 27th day of July, 2018.



The Continental Insurance Company

Paul T. Bruflat
Paul T. Bruflat Vice President

State of South Dakota, County of Minnehaha, ss:

On this 27th day of July, 2018, before me personally came Paul T. Bruflat to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is a Vice President of The Continental Insurance Company, a Pennsylvania insurance company, described in and which executed the above instrument; that he knows the seal of said insurance company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said insurance company and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said insurance company.



My Commission Expires June 23, 2021

J. Mohr
J. Mohr Notary Public

CERTIFICATE

I, D. Johnson, Assistant Secretary of The Continental Insurance Company, a Pennsylvania insurance company, do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of the insurance company printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said insurance company this _____ day of NOV 14 2018, _____.



The Continental Insurance Company

D. Johnson
D. Johnson Assistant Secretary

Form F6850-4/2012

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

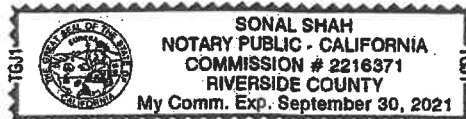
State of California
County of Riverside)

On November 15, 2018 before me, Sonal Shah, Notary Public
(insert name and title of the officer)

personally appeared Jeffrey R. Chambers,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.



Signature Sonal Shah (Seal)

**AGREEMENT TO PROVIDE SECURITY FOR IMPROVEMENTS
FOR TRACT MAP OR PARCEL MAP OR PLOT PLAN**

(Tract Map/Parcel Map/Plot Plan No. 37426) **MONUMENTATION**

THIS SECURITY AGREEMENT is made by and between CITY OF BEAUMONT ("CITY") and Pardee Homes, a California company ("DEVELOPER").

RECITALS

A. DEVELOPER has applied to the CITY for permission to develop certain real property, pursuant to Tract Map/Parcel Map/Plot Plan # 37426, ("Map"). DEVELOPER has also asked the CITY to accept the dedication of the street or streets and other proposed public rights-of-way, parks and recreation facilities, and easements as depicted on the Map and to otherwise approve the Map so that it may be recorded as required by law; and

B. The CITY requires, as a condition precedent to the acceptance and approval of the Map and the dedication of the public rights-of-way and easements depicted thereon, that such rights-of-way be improved with (for example) grading, paving, curbs, gutters, sidewalks, street lights, stormdrains, sanitary sewers and appurtenances thereto, street name signs, survey monuments, electrical and telecommunications, water pipes, water mains, fire hydrants and appurtenances thereto, and landscaping, including any warranty work for all such improvements (collectively, "Improvements"); and

C. The Improvements have not yet been constructed and completed and it is the purpose of this Security Agreement to set forth the terms and conditions by which the DEVELOPER shall guarantee that such Improvements shall be constructed and completed within the time set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the acceptance of the DEVELOPER's offer of dedication and the approval of the Map for filing and recording as provided and required by law, the CITY and the DEVELOPER hereby agree as follows:

1. Provision of Improvements. DEVELOPER shall provide, at the DEVELOPER's sole cost and expense, all necessary labor and materials to complete the construction of the Improvements depicted on the Map and described in the conditions of approval of the Map within one (1) year of the date of this Security Agreement.

2. Inspection by the CITY. The CITY shall inspect, at the DEVELOPER's sole cost and expense, all of the work, labor and materials performed and provided by the DEVELOPER in connection with the Improvements.

3. Compliance with Plans and Specifications. The Improvements shall be constructed and installed in strict accordance with the CITY-approved plans and specifications.

4. Security for Performance. Concurrently with the execution of this Security Agreement by DEVELOPER, DEVELOPER shall deliver to the CITY a performance bond issued by a corporate surety in substantially the form attached hereto as **Exhibit "A"**, in an amount that is not less than 100% of the total estimated cost of the Improvements and any warranty therefor. The performance bond shall be issued by an "admitted" corporate surety insurer authorized to do business in the State of California and the surety insurer shall have an A.M. Best rating of at least "A, XV". The surety insurer shall have assets exceeding its liabilities in the amount equal to or in excess of the amount of the bond, and the bond shall not be in excess of 10% of the surety insurer's assets. The security or bond shall also insure against any and all defects in the Improvements for a period of not less than one full year after the date of acceptance thereof by the CITY. The bond shall be duly executed and shall meet all the requirements of Section 995.660 of the California Code of Civil Procedure.

5. Security for Contractors, Subcontractors, Laborers and Materialmen. The DEVELOPER shall also provide a payment bond issued by a corporate surety for the security of laborers and materialmen, which bond or bonds shall be in substantially the form attached hereto as **Exhibit "B"** and made a part hereof. The amount of the bond(s) shall be no less than 100% of the total estimated amount needed to secure payment to the contractor, to the subcontractors, and to the persons furnishing labor, materials, or equipment to them for the Improvements. The laborers and materialmen bond shall be provided by an "admitted" corporate surety insurer authorized to transact surety insurance in the State of California with an A.M. Best rating of "A, XV", and with assets exceeding its liabilities in the amount equal to or in excess of the amount of the bond, and the bond shall not be in excess of 10% of the surety insurer's assets. The bond shall be duly executed and shall meet all the requirements of Section 995.660 of the California Code of Civil Procedure.

6. General Liability and Worker's Compensation Insurance. The DEVELOPER shall, before commencing any work, obtain commercial general liability insurance (primary) of not less than \$2,000,000.00 per occurrence for all coverages and \$2,000,000.00 general aggregate. The CITY and its employees and agents shall be added as additional insureds. Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to the CITY or any employee or agent of the CITY. Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Coverage shall contain no contractors' limitation endorsement. There shall be no endorsement or modification limiting the scope of coverage for liability arising from pollution, explosion, collapse, underground property damage or employment-related practices. Such insurance shall not prohibit the DEVELOPER, and its employees or agents, from waiving the right of subrogation prior to a loss. The DEVELOPER waives its right of subrogation against the CITY. Unless otherwise approved by the CITY, the DEVELOPER's insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best rating of "A, XV." Self-insurance shall not be considered to comply with these insurance specifications. The DEVELOPER agrees to require all contractors, subcontractors and other parties hired for the Improvements to purchase and maintain insurance of the types specified

herein, naming as additional insureds all of the parties to this Security Agreement. The DEVELOPER shall, before commencing any work, obtain Worker's Compensation Insurance in an amount required by law and, failing to do so, the CITY may procure such insurance at the cost of the DEVELOPER.

7. Comprehensive Commercial General and Automobile Liability Insurance. The DEVELOPER, before commencing any work shall, at its own expense, maintain comprehensive commercial general and automobile liability insurance issued by a California-admitted surety company with an A.M. Best rating of no less than "A, XV" for \$2,000,000 per occurrence. Coverage shall be for the entire duration of the permitted activities. Such liability insurance policy shall name, by endorsement, the City as an additional insured.

8. Indemnification. Notwithstanding the provisions of Government Code, Section 66474.9 or any other statutes of similar import, and to the full extent permitted by law, the DEVELOPER shall defend, indemnify and hold harmless the CITY, its employees, agents, officials and attorneys, from and against any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind or nature, whether actual, alleged or threatened, reasonable attorneys' fees, court costs, interest, expert witness fees and any other costs or expenses of any kind whatsoever, without restriction or limitation, incurred in relation to, as a consequence of, or arising out of or in any way attributable actually, allegedly or impliedly, in whole or in part, to the Map, the Improvements, this Agreement, or any matter related to the same; provided, however, that the indemnification to be provided by DEVELOPER to the CITY pursuant to the terms of this paragraph shall not be applicable where the aforementioned liability, claim, suit, action, etcetera, is the result of the sole negligence or sole willful misconduct of the CITY.

9. Procedure for Release of Performance Bond Security. The security furnished by the DEVELOPER shall be released in whole or in part in the following manner:

a. Security shall be released upon final completion and acceptance of the Improvements. If the security furnished by the DEVELOPER is a documentary evidence of security, such as a surety bond, the CITY shall release the documentary evidence and return the original to the Surety upon final completion and acceptance of the Improvements. In the event the CITY is unable to return the original documentary evidence to the Surety, the security shall be released by written notice sent by certified mail to the DEVELOPER and to the Surety within 30 days of the City's acceptance of the Improvements. The written notice shall contain a statement that the work for which security was furnished has been completed and accepted, a description of the Improvements, and the notarized signature of an authorized CITY official.

b. At such time as the DEVELOPER believes that the work for which the security was required is complete and makes payment of a partial exoneration fee of \$350 to the CITY, the DEVELOPER shall notify the CITY in writing of the completed work, including a list of work completed. Upon receipt of the written notice, the CITY shall have 45 days to review and comment or approve the completion of the Improvements. If the CITY does not agree that all work has been completed in accordance with the plans

and specifications for the Improvements, it shall supply a list of all remaining work to be completed.

c. Within 45 days of receipt of the CITY's list of remaining work, the DEVELOPER may then provide cost estimates for all remaining work for review and approval by the CITY.

d. Upon receipt of the cost estimates, the CITY shall then have 45 days to review, comment, and approve, modify or disapprove those cost estimates. The CITY shall not be required to engage in this process of partial release more than once between the start of work and the completion and acceptance of all work.

e. The DEVELOPER shall complete the works of Improvement until all remaining items are accepted by the CITY. Upon completion of the Improvements, the DEVELOPER shall be notified in writing by the CITY within 45 days and, within 45 days of the date of the CITY's notice, the release of any remaining performance security shall be made within 60 days of the recording of the Notice of Completion.

10. Procedure for Release of Payment Bond Security. Security securing the payment to the contractor, his or her subcontractors and persons furnishing labor, materials or equipment may, after passage of the time within which mechanic's liens and stop notices are required to be recorded and after acceptance of the Improvements, be reduced by Surety to an amount equal to the total claimed by all claimants for whom mechanic's liens and stop notices have been recorded and notice thereof given in writing to the CITY, and if no claims have been recorded, the security may be released in full.

11. Security for One-Year Warranty Period. The release procedures described in paragraphs 9 and 10 above shall not apply to any required guarantee and warranty period nor to the amount of the performance bond security deemed necessary by the CITY for the guarantee and warranty period nor to costs and reasonable expenses and fees, including reasonable attorneys' fees.

12. Binding Effect. This Security Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their legal representatives and their successors and assigns.

13. Authority to Execute. The DEVELOPER hereby warrants and represents to the CITY that the individual signing this Security Agreement on behalf of the DEVELOPER is vested with the unconditional authority to do so pursuant to, and in accordance with, all applicable legal requirements, and has the authority bind the DEVELOPER hereto.

14. No Assignment. The DEVELOPER may not assign this Security Agreement, or any part thereof, to another without the prior written consent of the CITY.

15. Attorneys' Fees. In the event of legal action to enforce or interpret this Agreement or any of its provisions, the prevailing party shall be entitled, in addition to any other form of relief, to recover its reasonable attorneys' fees and costs of suit.

16. Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but which together shall constitute a single agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the dates listed below.

CITY OF BEAUMONT

By _____
Mayor

Date

DEVELOPER

By Jeff Chambers _____

11-13-2018
Date

Title: Jeffrey R. Chambers
Vice President Development

Address: 1250 Corona Pointe Court
Suite 600
Corona, CA 92879

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Riverside)

On November 13, 2018 before me, Sonal Shah, Notary Public
(insert name and title of the officer)

personally appeared Jeffrey R. Chambers,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.



Signature *Sonal Shah* (Seal)

EXHIBIT "A"

PERFORMANCE BOND

WHEREAS, the City Council of the City of Beaumont, State of California, and Pardee Homes (hereinafter designated as "Principal") have entered into Agreement To Provide Security For Improvements For Tract Map Or Parcel Map Or Plot Plan, dated November 13, 2018, whereby Principal agrees to install and complete certain designated public improvements itemized and described on Tract Map, Parcel Map or Plot Plan No. Sundance PA 13 Monuments which is hereby incorporated herein and made a part hereof; and Tract Map 37426

WHEREAS, Principal is required under the terms of the said agreement to furnish a bond for the faithful performance of said agreement.

NOW, THEREFORE, we, the Principal and The Continental Insurance Company, as Surety, are held and firmly bound unto the City of Beaumont (hereinafter called "City"), in the penal sum of Eighteen Thousand Five Hundred & No/100- dollars (\$ 18,500.00) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the Principal, his or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or their part to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City, its officers, agents and employees as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment therein rendered.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on November 8, 2018.

PRINCIPAL:

Pardee Homes

By


Jeffrey R. Chambers
Vice President Development

SURETY:

The Continental Insurance Company

By


Janina Monroe, Attorney-In-Fact

CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

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State of California }

County of Orange }

On NOV 08 2018 before me, Mariana Bryant, Notary Public,
(Here insert name and title of the officer)

personally appeared Janina Monroe,
who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose
name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that
~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity~~(ies)~~, and that by
~~his/her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of
which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Mariana Bryant
Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

Performance Bond
(Title or description of attached document)

30055683
(Title or description of attached document continued)

Number of Pages 1 Document Date 11/8/18

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
 Corporate Officer

(Title)

- Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

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- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
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- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That The Continental Insurance Company, a Pennsylvania insurance company, is a duly organized and existing insurance company having its principal office in the City of Chicago, and State of Illinois, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Janina Monroe, Tom Mc Call, Paul Boucher, Individually

of Los Angeles, CA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the insurance company and all the acts of said Attorney, pursuant to the authority hereby given is hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Board of Directors of the insurance company.

In Witness Whereof, The Continental Insurance Company has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 27th day of July, 2018.



The Continental Insurance Company

Paul T. Bruflat
Paul T. Bruflat Vice President

State of South Dakota, County of Minnehaha, ss:

On this 27th day of July, 2018, before me personally came Paul T. Bruflat to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is a Vice President of The Continental Insurance Company, a Pennsylvania insurance company, described in and which executed the above instrument; that he knows the seal of said insurance company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said insurance company and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said insurance company.



My Commission Expires June 23, 2021

J. Mohr
J. Mohr Notary Public

CERTIFICATE

I, D. Johnson, Assistant Secretary of The Continental Insurance Company, a Pennsylvania insurance company, do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of the insurance company printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said insurance company this NOV 08 2018 day of _____.



The Continental Insurance Company

D. Johnson
D. Johnson Assistant Secretary

Form F6850-4/2012

Go to www.cnasurety.com > Owner / Obligee Services > Validate Bond Coverage, if you want to verify bond authenticity.

ACKNOWLEDGMENT

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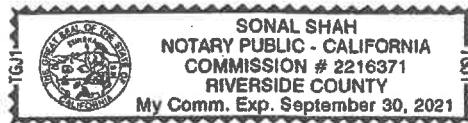
State of California
County of Riverside)

On November 13, 2018 before me, Sonal Shah, Notary Public
(insert name and title of the officer)

personally appeared Jeffrey R. Chambers,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature *Sonal Shah* (Seal)

EXHIBIT "B"

PAYMENT BOND

WHEREAS, the City Council of the City of Beaumont, State of California, and Pardee Homes (hereafter designated as "the Principal") have entered into Agreement To Provide Security For Improvements For Tract Map Or Parcel Map Or Plot Plan, dated November 13, 2018, whereby Principal agrees to install and complete certain designated public improvements itemized and described on Tract Map, Parcel Map or Plot Plan No. Sundance PA 13 Mounuments Tract Map 37426 which is hereby incorporated herein and made a part hereof; and

WHEREAS, under the terms of the said agreement, the Principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Beaumont to secure the claims to which reference is made in Section 8000, et seq., of the Civil Code of the State of California.

NOW, THEREFORE, the Principal and the undersigned as corporate surety, are held firmly bound unto the City of Beaumont and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the said agreement and referred to at Section 8000, et seq., of the Civil Code in the sum of Eighteen Thousand Five Hundred & No/100 dollars (\$ 18,500.00), for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to this work or labor, that the Surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing this obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Section 8000, et seq., of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on November 8, 20 18.

PRINCIPAL:

SURETY:

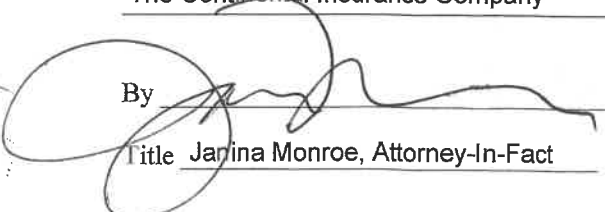
Pardee Homes

The Continental Insurance Company

By



By



Title Jeffrey R. Chambers
Vice President Development

Title Jarina Monroe, Attorney-In-Fact

CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of Orange }

On NOV 08 2018 before me, Mariana Bryant, Notary Public,
(Here insert name and title of the officer)

personally appeared Janina Monroe,
who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose
name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that
~~he~~/she/~~they~~ executed the same in ~~his~~/her/~~their~~ authorized capacity~~(ies)~~, and that by
~~his~~/her/~~their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of
which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Mariana Bryant
Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT
Payment Bond
(Title or description of attached document)
30055683
(Title or description of attached document continued)
Number of Pages 1 Document Date 11/8/18

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
- Corporate Officer
_____ (Title)
- Partner(s)
- Attorney-in-Fact
- Trustee(s)
- Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That The Continental Insurance Company, a Pennsylvania insurance company, is a duly organized and existing insurance company having its principal office in the City of Chicago, and State of Illinois, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Janina Monroe, Tom Mc Call, Paul Boucher, Individually

of Los Angeles, CA, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the insurance company and all the acts of said Attorney, pursuant to the authority hereby given is hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Board of Directors of the insurance company.

In Witness Whereof, The Continental Insurance Company has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 27th day of July, 2018.



The Continental Insurance Company

Paul T. Bruflat
Paul T. Bruflat Vice President

State of South Dakota, County of Minnehaha, ss:

On this 27th day of July, 2018, before me personally came Paul T. Bruflat to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is a Vice President of The Continental Insurance Company, a Pennsylvania insurance company, described in and which executed the above instrument; that he knows the seal of said insurance company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said insurance company and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said insurance company.



My Commission Expires June 23, 2021

J. Mohr
J. Mohr Notary Public

CERTIFICATE

I, D. Johnson, Assistant Secretary of The Continental Insurance Company, a Pennsylvania insurance company, do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of the insurance company printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said insurance company this NOV 08 2018 day of _____.



The Continental Insurance Company

D. Johnson
D. Johnson Assistant Secretary

Form F6850-4/2012

Go to www.cnasurety.com > Owner / Oblige Services > Validate Bond Coverage, if you want to verify bond authenticity.

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Riverside)

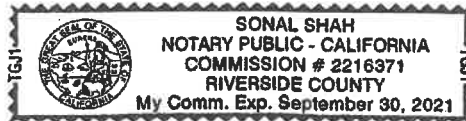
On November 13, 2018 before me, Sonal Shah, Notary Public
(insert name and title of the officer)

personally appeared Jeffrey R. Chambers,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Sonal Shah* (Seal)



Basic Gov (Sales Force) # 902018-0201
File # 3254

**AGREEMENT TO PROVIDE SECURITY FOR IMPROVEMENTS
FOR TRACT MAP OR PARCEL MAP OR PLOT PLAN
(Tract Map/Parcel Map/Plot Plan No. _____)**

THIS SECURITY AGREEMENT is made by and between CITY OF BEAUMONT ("CITY") and CT Foods, a _____ company ("DEVELOPER"). Manufacturing Beaumont Corp.

RECITALS

A. DEVELOPER has applied to the CITY for permission to develop certain real property, pursuant to Tract Map/Parcel Map/Plot Plan # _____, ("Map"). DEVELOPER has also asked the CITY to accept the dedication of the street or streets and other proposed public rights-of-way, parks and recreation facilities, and easements as depicted on the Map and to otherwise approve the Map so that it may be recorded as required by law; and

B. The CITY requires, as a condition precedent to the acceptance and approval of the Map and the dedication of the public rights-of-way and easements depicted thereon, that such rights-of-way be improved with (for example) grading, paving, curbs, gutters, sidewalks, street lights, stormdrains, sanitary sewers and appurtenances thereto, street name signs, survey monuments, electrical and telecommunications, water pipes, water mains, fire hydrants and appurtenances thereto, and landscaping, including any warranty work for all such improvements (collectively, "Improvements"); and

C. The Improvements have not yet been constructed and completed and it is the purpose of this Security Agreement to set forth the terms and conditions by which the DEVELOPER shall guarantee that such Improvements shall be constructed and completed within the time set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the acceptance of the DEVELOPER's offer of dedication and the approval of the Map for filing and recording as provided and required by law, the CITY and the DEVELOPER hereby agree as follows:

1. Provision of Improvements. DEVELOPER shall provide, at the DEVELOPER's sole cost and expense, all necessary labor and materials to complete the construction of the Improvements depicted on the Map and described in the conditions of approval of the Map within one (1) year of the date of this Security Agreement.

2. Inspection by the CITY. The CITY shall inspect, at the DEVELOPER's sole cost and expense, all of the work, labor and materials performed and provided by the DEVELOPER in connection with the Improvements.

3. Compliance with Plans and Specifications. The Improvements shall be constructed and installed in strict accordance with the CITY-approved plans and specifications.

4. Security for Performance. Concurrently with the execution of this Security Agreement by DEVELOPER, DEVELOPER shall deliver to the CITY a performance bond issued by a corporate surety in substantially the form attached hereto as **Exhibit "A"**, in an amount that is not less than 100% of the total estimated cost of the Improvements and any warranty therefor. The performance bond shall be issued by an "admitted" corporate surety insurer authorized to do business in the State of California and the surety insurer shall have an A.M. Best rating of at least "A, XV". The surety insurer shall have assets exceeding its liabilities in the amount equal to or in excess of the amount of the bond, and the bond shall not be in excess of 10% of the surety insurer's assets. The security or bond shall also insure against any and all defects in the Improvements for a period of not less than one full year after the date of acceptance thereof by the CITY. The bond shall be duly executed and shall meet all the requirements of Section 995.660 of the California Code of Civil Procedure.

5. Security for Contractors, Subcontractors, Laborers and Materialmen. The DEVELOPER shall also provide a payment bond issued by a corporate surety for the security of laborers and materialmen, which bond or bonds shall be in substantially the form attached hereto as **Exhibit "B"** and made a part hereof. The amount of the bond(s) shall be no less than 100% of the total estimated amount needed to secure payment to the contractor, to the subcontractors, and to the persons furnishing labor, materials, or equipment to them for the Improvements. The laborers and materialmen bond shall be provided by an "admitted" corporate surety insurer authorized to transact surety insurance in the State of California with an A.M. Best rating of "A, XV", and with assets exceeding its liabilities in the amount equal to or in excess of the amount of the bond, and the bond shall not be in excess of 10% of the surety insurer's assets. The bond shall be duly executed and shall meet all the requirements of Section 995.660 of the California Code of Civil Procedure.

6. General Liability and Worker's Compensation Insurance. The DEVELOPER shall, before commencing any work, obtain commercial general liability insurance (primary) of not less than \$2,000,000.00 per occurrence for all coverages and \$2,000,000.00 general aggregate. The CITY and its employees and agents shall be added as additional insureds. Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to the CITY or any employee or agent of the CITY. Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Coverage shall contain no contractors' limitation endorsement. There shall be no endorsement or modification limiting the scope of coverage for liability arising from pollution, explosion, collapse, underground property damage or employment-related practices. Such insurance shall not prohibit the DEVELOPER, and its employees or agents, from waiving the right of subrogation prior to a loss. The DEVELOPER waives its right of subrogation against the CITY. Unless otherwise approved by the CITY, the DEVELOPER's insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best rating of "A, XV." Self-insurance shall not be considered to comply with these insurance specifications. The DEVELOPER agrees to require all contractors, subcontractors and other parties hired for the Improvements to purchase and maintain insurance of the types specified

herein, naming as additional insureds all of the parties to this Security Agreement. The DEVELOPER shall, before commencing any work, obtain Worker's Compensation Insurance in an amount required by law and, failing to do so, the CITY may procure such insurance at the cost of the DEVELOPER.

7. Comprehensive Commercial General and Automobile Liability Insurance. The DEVELOPER, before commencing any work shall, at its own expense, maintain comprehensive commercial general and automobile liability insurance issued by a California-admitted surety company with an A.M. Best rating of no less than "A, XV" for \$2,000,000 per occurrence. Coverage shall be for the entire duration of the permitted activities. Such liability insurance policy shall name, by endorsement, the City as an additional insured.

8. Indemnification. Notwithstanding the provisions of Government Code, Section 66474.9 or any other statutes of similar import, and to the full extent permitted by law, the DEVELOPER shall defend, indemnify and hold harmless the CITY, its employees, agents, officials and attorneys, from and against any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind or nature, whether actual, alleged or threatened, reasonable attorneys' fees, court costs, interest, expert witness fees and any other costs or expenses of any kind whatsoever, without restriction or limitation, incurred in relation to, as a consequence of, or arising out of or in any way attributable actually, allegedly or impliedly, in whole or in part, to the Map, the Improvements, this Agreement, or any matter related to the same; provided, however, that the indemnification to be provided by DEVELOPER to the CITY pursuant to the terms of this paragraph shall not be applicable where the aforementioned liability, claim, suit, action, etcetera, is the result of the sole negligence or sole willful misconduct of the CITY.

9. Procedure for Release of Performance Bond Security. The security furnished by the DEVELOPER shall be released in whole or in part in the following manner:

a. Security shall be released upon final completion and acceptance of the Improvements. If the security furnished by the DEVELOPER is a documentary evidence of security, such as a surety bond, the CITY shall release the documentary evidence and return the original to the Surety upon final completion and acceptance of the Improvements. In the event the CITY is unable to return the original documentary evidence to the Surety, the security shall be released by written notice sent by certified mail to the DEVELOPER and to the Surety within 30 days of the City's acceptance of the Improvements. The written notice shall contain a statement that the work for which security was furnished has been completed and accepted, a description of the Improvements, and the notarized signature of an authorized CITY official.

b. At such time as the DEVELOPER believes that the work for which the security was required is complete and makes payment of a partial exoneration fee of \$350 to the CITY, the DEVELOPER shall notify the CITY in writing of the completed work, including a list of work completed. Upon receipt of the written notice, the CITY shall have 45 days to review and comment or approve the completion of the Improvements. If the CITY does not agree that all work has been completed in accordance with the plans

and specifications for the Improvements, it shall supply a list of all remaining work to be completed.

c. Within 45 days of receipt of the CITY's list of remaining work, the DEVELOPER may then provide cost estimates for all remaining work for review and approval by the CITY.

d. Upon receipt of the cost estimates, the CITY shall then have 45 days to review, comment, and approve, modify or disapprove those cost estimates. The CITY shall not be required to engage in this process of partial release more than once between the start of work and the completion and acceptance of all work.

e. The DEVELOPER shall complete the works of Improvement until all remaining items are accepted by the CITY. Upon completion of the Improvements, the DEVELOPER shall be notified in writing by the CITY within 45 days and, within 45 days of the date of the CITY's notice, the release of any remaining performance security shall be made within 60 days of the recording of the Notice of Completion.

10. Procedure for Release of Payment Bond Security. Security securing the payment to the contractor, his or her subcontractors and persons furnishing labor, materials or equipment may, after passage of the time within which mechanic's liens and stop notices are required to be recorded and after acceptance of the Improvements, be reduced by Surety to an amount equal to the total claimed by all claimants for whom mechanic's liens and stop notices have been recorded and notice thereof given in writing to the CITY, and if no claims have been recorded, the security may be released in full.

11. Security for One-Year Warranty Period. The release procedures described in paragraphs 9 and 10 above shall not apply to any required guarantee and warranty period nor to the amount of the performance bond security deemed necessary by the CITY for the guarantee and warranty period nor to costs and reasonable expenses and fees, including reasonable attorneys' fees.

12. Binding Effect. This Security Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their legal representatives and their successors and assigns.

13. Authority to Execute. The DEVELOPER hereby warrants and represents to the CITY that the individual signing this Security Agreement on behalf of the DEVELOPER is vested with the unconditional authority to do so pursuant to, and in accordance with, all applicable legal requirements, and has the authority bind the DEVELOPER hereto.

14. No Assignment. The DEVELOPER may not assign this Security Agreement, or any part thereof, to another without the prior written consent of the CITY.

15. Attorneys' Fees. In the event of legal action to enforce or interpret this Agreement or any of its provisions, the prevailing party shall be entitled, in addition to any other form of relief, to recover its reasonable attorneys' fees and costs of suit.

16. Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but which together shall constitute a single agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the dates listed below.

CITY OF BEAUMONT

By _____
Mayor

Date

DEVELOPER

By _____
[Handwritten Signature]

2/14/2019
Date

Title: _____
CFO

Address: _____
115 Nicholas RD Beaumont

Bond No. 9253564
Premium: \$3,138.00

Basic Gov (Sales Force) # FW2018-0201
File # 3254

EXHIBIT "A"

PERFORMANCE BOND

WHEREAS, the City Council of the City of Beaumont, State of California, and CJ Foods Manufacturing Beaumont Corporation (hereinafter designated as "Principal") have entered into Agreement To Provide Security For Improvements For Tract Map Or Parcel Map Or Plot Plan, dated _____, 20__, whereby Principal agrees to install and complete certain designated public improvements itemized and described on Tract Map, Parcel Map or Plot Plan No. _____, which is hereby incorporated herein and made a part hereof; and

WHEREAS, Principal is required under the terms of the said agreement to furnish a bond for the faithful performance of said agreement.

NOW, THEREFORE, we, the Principal and Fidelity and Deposit Company of Maryland, as Surety, are held and firmly bound unto the City of Beaumont (hereinafter called "City"), in the penal sum of One Hundred Fifty Six Thousand Nine Hundred & No/100-- dollars (\$156,900.00) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the Principal, his or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or their part to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City, its officers, agents and employees as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment therein rendered.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on February 8, 20 19.

PRINCIPAL:

SURETY:

CJ Foods Manufacturing Beaumont Corporation

Fidelity and Deposit Company of Maryland

By 

By 

Title Sr. Manager

Title Kathleen Earle, Attorney-in-Fact

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

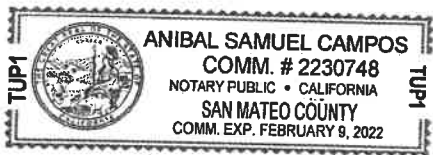
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Contra Costa)
On FEB - 8 2019 before me, Anibal Samuel Campos, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Kathleen Earle
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Bond No. 9253564
Premium Included in
Performance Bond

EXHIBIT "B"

PAYMENT BOND

WHEREAS, the City Council of the City of Beaumont, State of California, and CJ Foods Manufacturing Beaumont Corporation (hereafter designated as "the Principal") have entered into Agreement To Provide Security For Improvements For Tract Map Or Parcel Map Or Plot Plan, dated _____, 20____, whereby Principal agrees to install and complete certain designated public improvements itemized and described on Tract Map, Parcel Map or Plot Plan No. _____, which is hereby incorporated herein and made a part hereof; and

WHEREAS, under the terms of the said agreement, the Principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Beaumont to secure the claims to which reference is made in Section 8000, et seq., of the Civil Code of the State of California.

NOW, THEREFORE, the Principal and the undersigned as corporate surety, are held firmly bound unto the City of Beaumont and all contractors, subcontractors, laborers, materialmen, and other persons employed in the performance of the said agreement and referred to at Section 8000, et seq., of the Civil Code in the sum of One Hundred Fifty Six Thousand* dollars (\$ 156,900.00), for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to this work or labor, that the Surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing this obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered. *Nine Hundred and No/100--

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Section 8000, et seq., of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on February 8, 20 19.

PRINCIPAL:

SURETY:

CJ Foods Manufacturing Beaumont Corporation

Fidelity and Deposit Company of Maryland

By CHULSUH ET AL

By Kathleen Earle

Title sr. Manager

Title Kathleen Earle, Attorney-in-Fact

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of Contra Costa)

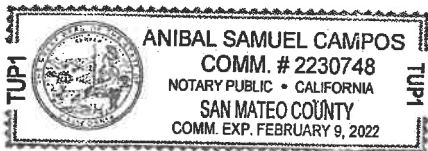
On FEB - 8 2019 before me, Anibal Samuel Campos, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Kathleen Earle
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Corporate Officer -- Title(s): _____

Partner -- Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

Signer's Name: _____

Corporate Officer -- Title(s): _____

Partner -- Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

EXTRACT FROM BY-LAWS OF THE COMPANIES

"Article V, Section 8, Attorneys-in-Fact. The Chief Executive Officer, the President, or any Executive Vice President or Vice President may, by written instrument under the attested corporate seal, appoint attorneys-in-fact with authority to execute bonds, policies, recognizances, stipulations, undertakings, or other like instruments on behalf of the Company, and may authorize any officer or any such attorney-in-fact to affix the corporate seal thereto; and may with or without cause modify or revoke any such appointment or authority at any time."

CERTIFICATE

I, the undersigned, Vice President of the ZURICH AMERICAN INSURANCE COMPANY, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that Article V, Section 8, of the By-Laws of the Companies is still in force.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the ZURICH AMERICAN INSURANCE COMPANY at a meeting duly called and held on the 15th day of December 1998.

RESOLVED: "That the signature of the President or a Vice President and the attesting signature of a Secretary or an Assistant Secretary and the Seal of the Company may be affixed by facsimile on any Power of Attorney...Any such Power or any certificate thereof bearing such facsimile signature and seal shall be valid and binding on the Company."

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at a meeting duly called and held on the 5th day of May, 1994, and the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seals of the said Companies, this 8th day of February, 2019



Brian M. Hodges

Brian M. Hodges, Vice President

TO REPORT A CLAIM WITH REGARD TO A SURETY BOND, PLEASE SUBMIT ALL REQUIRED INFORMATION TO:

Zurich American Insurance Co.
Attn: Surety Claims
1299 Zurich Way
Schaumburg, IL 60196-1056

EXTRACT FROM BY-LAWS OF THE COMPANIES

"Article V, Section 8, Attorneys-in-Fact. The Chief Executive Officer, the President, or any Executive Vice President or Vice President may, by written instrument under the attested corporate seal, appoint attorneys-in-fact with authority to execute bonds, policies, recognizances, stipulations, undertakings, or other like instruments on behalf of the Company, and may authorize any officer or any such attorney-in-fact to affix the corporate seal thereto; and may with or without cause modify or revoke any such appointment or authority at any time."

CERTIFICATE

I, the undersigned, Vice President of the ZURICH AMERICAN INSURANCE COMPANY, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that Article V, Section 8, of the By-Laws of the Companies is still in force.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the ZURICH AMERICAN INSURANCE COMPANY at a meeting duly called and held on the 15th day of December 1998.

RESOLVED: "That the signature of the President or a Vice President and the attesting signature of a Secretary or an Assistant Secretary and the Seal of the Company may be affixed by facsimile on any Power of Attorney...Any such Power or any certificate thereof bearing such facsimile signature and seal shall be valid and binding on the Company."

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at a meeting duly called and held on the 5th day of May, 1994, and the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seals of the said Companies, this 8th day of February, 2019.



Brian M. Hodges

Brian M. Hodges, Vice President

TO REPORT A CLAIM WITH REGARD TO A SURETY BOND, PLEASE SUBMIT ALL REQUIRED INFORMATION TO:

Zurich American Insurance Co.
Attn: Surety Claims
1299 Zurich Way
Schaumburg, IL 60196-1056

**AGREEMENT TO PROVIDE SECURITY FOR IMPROVEMENTS FOR TRACT MAP
OR PARCEL MAP OR PLOT PLAN
(4th Street and Potrero Blvd. Improvements)**

THIS SECURITY AGREEMENT TO PROVIDE SECURITY FOR IMPROVEMENTS FOR TRACT MAP OR PARCEL MAP OR PLOT PLAN (“Security Agreement”) is made by and between CITY OF BEAUMONT (“CITY”) and USEF CROSSROADS II, LLC, a Delaware limited liability company (“DEVELOPER”).

RECITALS

A. DEVELOPER has applied to the CITY for permission to develop certain real property, pursuant to that certain Tract Map/Parcel Map/Plot Plan entitled Tract Map 34209 “4th Street and Potrero Blvd. Improvements” (the “Map”). DEVELOPER has also asked the CITY to accept the dedication of the street or streets and other proposed public rights-of-way, parks and recreation facilities, and easements as depicted on the Map and to otherwise approve the Map so that it may be recorded as required by law; and

B. The CITY requires, as a condition precedent to the acceptance and approval of the Map and the dedication of the public rights-of-way and easements depicted thereon, that such rights-of-way be improved with grading, paving, curbs, gutters, sidewalks, street lights, storm drains, sanitary sewers and appurtenances thereto, street name signs, survey monuments, electrical and telecommunications, water pipes, water mains, fire hydrants and appurtenances thereto, and landscaping, as shown on the Map and described in the conditions of approval of the Map, including any required warranty work for all such improvements (collectively, “Improvements”); and

C. The Improvements have not yet been constructed and completed and it is the purpose of this Security Agreement to set forth the terms and conditions by which the DEVELOPER shall guarantee that such Improvements shall be constructed and completed within the time set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the acceptance of the DEVELOPER’s offer of dedication and the approval of the Map for filing and recording as provided and required by law, the CITY and the DEVELOPER hereby agree as follows:

1. Provision of Improvements. DEVELOPER shall provide, at the DEVELOPER’s sole cost and expense, all necessary labor and materials to complete the construction of the Improvements on or before the date which is one (1) year following the Effective Date, as defined below, subject to extension for any periods in which DEVELOPER is reasonably delayed by circumstances beyond the control of DEVELOPER by reason of (i) fire, earthquake, explosion, flood, hurricane, the elements, governmental regulation of the sale of materials or supplies or the transportation thereof, war, invasion insurrection, rebellion, riots, strikes or lockouts, or inability

to obtain necessary materials, goods, equipment, services, utilities or labor; or (ii) for any delays in the issuance of any applicable permits, which delays are not caused in whole or in part by any act or omission by DEVELOPER or its agents or contractors. As a condition of any such extension, DEVELOPER will provide written notice to City within 30 days of the occurrence of the event along with the actual or estimated period of delay.

2. Inspection by the CITY. The CITY shall inspect, at the DEVELOPER's sole cost and expense, all of the work, labor and materials performed and provided by the DEVELOPER in connection with the Improvements in accordance with paragraph 9.(b) below.

3. Compliance with Plans and Specifications. The Improvements shall be constructed and installed in strict accordance with plans and specification to be submitted to the CITY for review and approved by the CITY (the "Approved Plans") prior to DEVELOPER'S commencement of the construction of the Improvements, such approval not to be unreasonably withheld, conditioned or delayed, and such approval to be granted or denied (any such denial to be accompanied with a reasonably detailed description of the reason(s) therefore) within sixty (60) days following DEVELOPER'S submission of such plans and specifications to the CITY for review. Nothing in this Section 3 shall limit the legal authority and power of the City to grant or deny approval of the plans and specifications. If City denies any plans or specifications DEVELOPER shall resubmit the same within sixty (60) days and the time periods above shall recommence.

4. Security for Performance. Prior to commencing construction of the Improvements, DEVELOPER shall deliver to the CITY a performance bond issued by a corporate surety in substantially the form attached hereto as **Exhibit "A"**, in an amount that is not less than 100% of the total estimated cost of the Improvements and any warranty therefor. The performance bond shall be issued by an "admitted" corporate surety insurer authorized to do business in the State of California and the surety insurer shall have an A.M. Best rating of at least "A, XV". The surety insurer shall have assets exceeding its liabilities in the amount equal to or in excess of the amount of the bond, and the bond shall not be in excess of 10% of the surety insurer's assets. The security or bond shall also insure against any and all defects in the Improvements for a period of not less than one full year after the date of acceptance thereof by the CITY. The bond shall be duly executed and shall meet all the requirements of Section 995.660 of the California Code of Civil Procedure.

5. Security for Contractors, Subcontractors, Laborers and Materialmen. The DEVELOPER shall also provide a payment bond issued by a corporate surety for the security of laborers and materialmen, which bond or bonds shall be in substantially the form attached hereto as **Exhibit "B"** and made a part hereof. The amount of the bond(s) shall be no less than 100% of the total estimated amount needed to secure payment to the contractor, to the subcontractors, and to the persons furnishing labor, materials, or equipment to them for the Improvements. The laborers and materialmen bond shall be provided by an "admitted" corporate surety insurer authorized to transact surety insurance in the State of California with an A.M. Best rating of "A, XV", and with assets exceeding its liabilities in the amount equal to or in excess of the amount of the bond, and the bond shall not be in excess of 10% of the surety insurer's assets. The bond shall be duly executed and shall meet all the requirements of Section 995.660 of the California Code of Civil Procedure.

6. General Liability and Worker's Compensation Insurance. The DEVELOPER shall, before commencing any work, obtain commercial general liability insurance (primary) of not less than \$1,000,000.00 per occurrence for all coverages and \$2,000,000.00 general aggregate. The CITY and its employees and agents shall be added as additional insureds. Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to the CITY or any employee or agent of the CITY. Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Coverage shall contain no contractors' limitation endorsement. There shall be no endorsement or modification limiting the scope of coverage for liability arising from pollution, explosion, collapse, underground property damage or employment-related practices. Such insurance shall not prohibit the DEVELOPER, and its employees or agents, from waiving the right of subrogation prior to a loss. The DEVELOPER waives its right of subrogation against the CITY. Unless otherwise approved by the CITY, the DEVELOPER's insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best rating of "A, XV." Self-insurance shall not be considered to comply with these insurance specifications. The DEVELOPER agrees to require all contractors, subcontractors and other parties hired for the Improvements to purchase and maintain insurance of the types specified herein, naming as additional insureds all of the parties to this Security Agreement. The DEVELOPER shall, before commencing any work, cause its general contractor to obtain Worker's Compensation Insurance in an amount required by law.

7. Comprehensive Commercial General and Automobile Liability Insurance. The DEVELOPER, before commencing any work shall, at its own expense, maintain comprehensive commercial general and automobile liability insurance issued by a California-admitted surety company with an A.M. Best rating of no less than "A, XV" for \$1,000,000 per occurrence. Coverage shall be for the entire duration of the permitted activities. Such liability insurance policy shall name, by endorsement, the CITY as an additional insured.

8. Indemnification. Notwithstanding the provisions of Government Code, Section 66474.9 or any other statutes of similar import, and to the full extent permitted by law, the DEVELOPER shall defend, indemnify and hold harmless the CITY, its employees, agents, officials and attorneys, from and against any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind or nature, whether actual, alleged or threatened, reasonable attorneys' fees, court costs, interest, expert witness fees and any other costs or expenses of any kind whatsoever, without restriction or limitation except as provided below, arising out of or in any way attributable to DEVELOPER'S construction or maintenance of the Improvements and/or this Agreement; provided, however, that the indemnification to be provided by DEVELOPER to the CITY pursuant to the terms of this paragraph shall not be applicable to the extent the aforementioned liability, claim, suit, action, etcetera, is the result of the sole negligence or sole willful misconduct of the CITY.

9. Procedure for Release of Performance Bond Security. The security furnished by the DEVELOPER shall be released in whole or in part in the following manner:

a. Security shall be released upon Final Completion (defined below) of the Improvements. If the security furnished by the DEVELOPER is a documentary evidence of security, such as a surety bond, the CITY shall release the documentary evidence and

return the original to the Surety upon Final Completion of the Improvements. In the event the CITY is unable to return the original documentary evidence to the Surety, the security shall be released by written notice (the "Security Notice") sent by certified mail to the DEVELOPER and to the Surety within 30 days following Final Completion of the Improvements. The Security Notice shall contain a statement that the work for which security was furnished has been completed and accepted, a description of the Improvements, and the notarized signature of an authorized CITY official.

b. At such time as the DEVELOPER believes that the construction of the Improvements has been completed in accordance with the Approved Plans, the DEVELOPER shall notify the CITY in writing (the "Completion Notice") of the completed work, including a description of the work completed. Upon receipt of the Completion Notice, the CITY shall have 30 days to review and provide DEVELOPER with written notice either (i) accepting the Improvements and enclosing a release of any remaining payment and/or performance security (the "Approval Notice") or (ii) providing a list of all remaining work to be completed in order for the Improvements to comply with the Approved Plans (a "Disapproval Notice"). Within 45 days of receipt of a Disapproval Notice, the DEVELOPER shall cause the remaining work listed in the Disapproval Notice (to the extent such work is included in the Approved Plans) to be performed and shall submit to the CITY a new Completion Notice. The above-described process shall be repeated until the DEVELOPER has completed the Improvements in accordance with the plans and specifications and the CITY has provided DEVELOPER with the Approval Notice, following which DEVELOPER shall be deemed to have achieved "Final Completion" of the Improvements.

10. Procedure for Release of Payment Bond Security. Security securing the payment to the contractor, his or her subcontractors and persons furnishing labor, materials or equipment shall, after passage of the time within which mechanic's liens and stop notices are required to be recorded and after acceptance of the Improvements, be reduced by Surety to an amount equal to the total claimed by all claimants for whom mechanic's liens and stop notices have been recorded and notice thereof given in writing to the CITY, and if no claims have been recorded, the security shall be promptly released in full.

11. Security for One-Year Warranty Period. The release procedures described in paragraphs 9 and 10 above shall not apply to the required guarantee and warranty period under Government Code Section 66499.9 nor to the amount of the performance bond security deemed necessary by the CITY in its reasonable discretion for the guarantee and warranty period nor to costs and reasonable expenses and fees, including reasonable attorney's fees. Following the expiration of the one (1)-year warranty period and if no claims have been recorded the warranty bond shall be released in full.

12. Waiver of Consequential Damages. Notwithstanding any term or condition in this Security Agreement, neither party shall be liable to the other for incidental, lost profits, consequential, reliance, special, punitive, exemplary, or indirect damages arising out of this Security Agreement, whether by reason of contract, indemnity, strict liability, negligence, breach of warranty or from breach of this Agreement, and regardless of whether the parties knew of the possibility that such damages could result. Each party hereby releases the other party from such

claims.

13. Binding Effect. This Security Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their legal representatives and their successors and assigns.

14. Authority to Execute. The DEVELOPER hereby warrants and represents to the CITY that the individual signing this Security Agreement on behalf of the DEVELOPER is vested with the unconditional authority to do so pursuant to, and in accordance with, all applicable legal requirements, and has the authority bind the DEVELOPER hereto.

15. No Assignment. The DEVELOPER may not assign this Security Agreement, or any part thereof, to another without the prior written consent of the CITY.

16. Attorneys' Fees. In the event of legal action to enforce or interpret this Agreement or any of its provisions, the prevailing party shall be entitled, in addition to any other form of relief, to recover its reasonable attorneys' fees and out-of-pocket costs of suit.

17. Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but which together shall constitute a single agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of February 5, 2019 (the "Effective Date").

CITY:

CITY OF BEAUMONT

By _____
Mayor

DEVELOPER:

USEF CROSSROADS II, LLC,
a Delaware limited liability company

By: USAA EAGLE REAL ESTATE MULTI-SECTOR OPERATING PARTNERSHIP, LP,
a Delaware limited partnership, its managing member

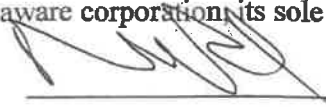
By: USAA Eagle Real Estate REIT, LLC,
a Delaware limited liability company, its general partner

By: USAA Eagle Real Estate Feeder 1, LP,
a Delaware limited partnership, its manager

By: USAA Eagle Real Estate GP, LLC,
a Delaware limited liability company, its general partner

By: USAA Equity Advisors, LLC,
a Texas limited liability company, its sole member

By: USAA Real Estate Company,
a Delaware corporation, its sole member

By: 
Name: DAVID BUCK
Title: Executive Managing Director

By: USAA Eagle Real Estate Feeder 3, LP,
a Delaware limited partnership, its general partner

By: USAA Eagle Real Estate GP, LLC,
a Delaware limited liability company, its general partner

By: USAA Equity Advisors, LLC,
a Texas limited liability company, its sole member

By: USAA Real Estate Company,
a Delaware corporation, its sole member

By: 
Name: DAVID BUCK
Title: Executive Managing Director

Address:
9830 Colonnade Boulevard, Suite 600
San Antonio, TX 78230-2239

EXHIBIT "A"
PERFORMANCE BOND

WHEREAS, the City Council of the City of Beaumont, State of California (the "City"), and USEF Crossroads II, LLC, a Delaware limited liability company ("Principal") have entered into that certain Agreement To Provide Security For Improvements for Tract Map or Parcel Map or Plot Plan, dated February 5, 2019 (the "Agreement"), whereby Principal has agreed to install and complete certain designated public improvements itemized and described on Tract Map/Parcel Map/Plot Plan entitled Tract Map 34209 and the "4th Street and Potrero Blvd. Improvements," as further described in the Agreement (the "Improvements"), which Agreement is hereby incorporated herein and made a part hereof; and

WHEREAS, Principal is required under the terms of the said Agreement to furnish a bond for the faithful performance of the Agreement and construction of the Improvements pursuant to said Agreement.

NOW, THEREFORE, Principal and Travelers Casualty and Surety Company ("Surety") hereby agree as follows:

Principal and Surety are held and firmly bound unto the City, in the penal sum of One Million Seven Hundred Fifty-Nine Thousand Eight Hundred Sixty and 12/100 dollars (\$1,759,860.12) lawful money of the United States, for the payment of which sum well and truly to be made, and Principal and Surety hereby bind themselves, their heirs, successors, executors and administrators, jointly and severally, firmly by these presents, subject to the terms, provisions and conditions set forth in the Agreement including, without limitation, any notice and cure periods and extensions of time for construction of the Improvements set forth therein.

The condition of this obligation is such that if the Principal, its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the Agreement and any alteration thereof made as therein provided, on its part to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City, its officers, agents and employees as therein stipulated, then this obligation shall become null and void. Otherwise it shall be and remain in full force and effect until released and/or terminated as provided in the Agreement.

As part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included out-of-pocket costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment therein rendered.

As per Government Code Section 66499.1, the Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or the work to be performed thereunder or the specifications accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Agreement or to the work or to the specifications.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on February 5th, 2019.

PRINCIPAL:

USEF CROSSROADS II, LLC,
a Delaware limited liability company

By: USAA EAGLE REAL ESTATE MULTI-SECTOR OPERATING PARTNERSHIP, LP,
a Delaware limited partnership, its managing member

By: USAA Eagle Real Estate REIT, LLC,
a Delaware limited liability company, its general partner

By: USAA Eagle Real Estate Feeder 1, LP,
a Delaware limited partnership, its manager

By: USAA Eagle Real Estate GP, LLC,
a Delaware limited liability company, its general partner

By: USAA Equity Advisors, LLC,
a Texas limited liability company, its sole member

By: USAA Real Estate Company,
a Delaware corporation, its sole member

By: 
Name: DAVID BUCK
Title: Executive Managing Director

By: USAA Eagle Real Estate Feeder 3, LP,
a Delaware limited partnership, its general partner

By: USAA Eagle Real Estate GP, LLC,
a Delaware limited liability company, its general partner


By: USAA Equity Advisors, LLC,
a Texas limited liability company, its sole member

By: USAA Real Estate Company,
a Delaware corporation, its sole member

By: 
Name: DAVID BUCK
Title: Executive Managing Director

SURETY:

Travelers Casualty and Surety Company of America,
a _____

By:  -
Name: Karrye M. Baldwin
Title: Attorney-in-Fact



**Travelers Casualty and Surety Company of America
Travelers Casualty and Surety Company
St. Paul Fire and Marine Insurance Company**

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company are corporations duly organized under the laws of the State of Connecticut (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint **Karrye M Baldwin** of **DALLAS Texas**, their true and lawful Attorney-in-Fact to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed, and their corporate seals to be hereto affixed, this 3rd day of February, 2017.



State of Connecticut

City of Hartford ss.

By: 
Robert L. Raney, Senior Vice President

On this the 3rd day of February, 2017, before me personally appeared Robert L. Raney, who acknowledged himself to be the Senior Vice President of Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the 30th day of June, 2021




Marie C. Tetreault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company, which resolutions are now in full force and effect, reading as follows:

RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

FURTHER RESOLVED, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

FURTHER RESOLVED, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, **Kevin E. Hughes**, the undersigned, Assistant Secretary of Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which remains in full force and effect.

Dated this 5th day of February, 2019




Kevin E. Hughes, Assistant Secretary

**To verify the authenticity of this Power of Attorney, please call us at 1-800-421-3880.
Please refer to the above-named Attorney-in-Fact and the details of the bond to which the power is attached.**

TRAVELERS 

IMPORTANT NOTICE

TO GIVE NOTICE OF A CLAIM:

You may contact Travelers Casualty & Surety Company of America and its affiliates at:

Travelers Bond & Financial Products
Attn: Bond Claim
1500 Market Street, Suite 2900
Philadelphia, PA 19102

(267) 675-3057
(267) 675-3102 Fax

ATTACH THIS NOTICE TO YOUR BOND. This notice is for information only and does not become a part or a condition of the bond.

EXHIBIT "B"**PAYMENT BOND**

WHEREAS, the City Council of the City of Beaumont, State of California (the "City"), and USEF Crossroads II, LLC, a Delaware limited liability company (the "Principal") have entered into that certain Agreement To Provide Security For Improvements for Tract Map or Parcel Map or Plot Plan, dated February 5th, 2019 (the "Agreement"), whereby Principal has agreed to install and complete certain designated public improvements some of which are itemized and described on Tract Map/Parcel Map/Plot Plan entitled Tract Map 34209 "4th Street and Potrero Blvd. Improvements," (the "Improvements"), which Agreement is hereby incorporated herein and made a part hereof; and

WHEREAS, under the terms of the said Agreement, the Principal is required before entering upon the performance of the work of the Improvements, to file a good and sufficient payment bond with the City of Beaumont to secure the claims to which reference is made in Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code of the State of California.

NOW, THEREFORE, the Principal and Travelers Casualty and Surety Company of America (the "Surety"), as corporate surety, are held and firmly bound unto the City and all contractors, subcontractors, laborers, material suppliers, and other persons employed in the performance of the Agreement and referred to Title 3 (commencing with Section 9000), et seq., of Part 6 of Division 4 of the Civil Code of the State of California in the sum of One Million Seven Hundred Fifty-Nine Thousand Eight Hundred Sixty and 12/100 dollars (\$1,759,860.12), for materials furnished or labor of any kind provided in connection with the construction of the Improvements, or for amounts due under the Unemployment Insurance Act with respect to the construction of the Improvements or labor provided in connection therewith, that the Surety will pay the same in an amount not exceeding the amount hereinabove set forth in accordance with all of the terms, provisions and conditions of the Agreement, and also in case suit is brought upon this Payment Bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the City in successfully enforcing this obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in any judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Title 3 (commencing with Section 9000), et seq., of Part 6 of Division 4 of the Civil Code of the State of California, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise, it shall be and remain in full force and effect.

The surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

[signature pages follow]

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on February 5, 2019.

PRINCIPAL:

USEF CROSSROADS II, LLC,
a Delaware limited liability company

By: USAA EAGLE REAL ESTATE MULTI-SECTOR OPERATING PARTNERSHIP, LP,
a Delaware limited partnership, its managing member

By: USAA Eagle Real Estate REIT, LLC,
a Delaware limited liability company, its general partner

By: USAA Eagle Real Estate Feeder 1, LP,
a Delaware limited partnership, its manager

By: USAA Eagle Real Estate GP, LLC,
a Delaware limited liability company, its general partner

By: USAA Equity Advisors, LLC,
a Texas limited liability company, its sole member

By: USAA Real Estate Company,
a Delaware corporation, its sole member

By: 
Name: DAVID BUCK
Title: Executive Managing Director

By: USAA Eagle Real Estate Feeder 3, LP,
a Delaware limited partnership, its general partner

By: USAA Eagle Real Estate GP, LLC,
a Delaware limited liability company, its general partner


By: USAA Equity Advisors, LLC,
a Texas limited liability company, its sole member

By: USAA Real Estate Company,
a Delaware corporation, its sole member

By: 
Name: DAVID BUCK
Title: Executive Managing Director

SURETY:

Travelers Casualty and Surety Company of America,
a _____

By: 
Name: Karrye M. Baldwin
Title: Attorney-in-Fact



**Travelers Casualty and Surety Company of America
Travelers Casualty and Surety Company
St. Paul Fire and Marine Insurance Company**

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company are corporations duly organized under the laws of the State of Connecticut (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint **Karrye M Baldwin** of **DALLAS** Texas, their true and lawful Attorney-in-Fact to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed, and their corporate seals to be hereto affixed, this 3rd day of February, 2017.



State of Connecticut

City of Hartford ss.

By: 
Robert L. Raney, Senior Vice President

On this the 3rd day of February, 2017, before me personally appeared Robert L. Raney, who acknowledged himself to be the Senior Vice President of Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the 30th day of June, 2021




Marie C. Tetreault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company, which resolutions are now in full force and effect, reading as follows:

RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

FURTHER RESOLVED, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

FURTHER RESOLVED, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kevin E. Hughes, the undersigned, Assistant Secretary of Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which remains in full force and effect.

Dated this 5th day of February, 2019




Kevin E. Hughes, Assistant Secretary

To verify the authenticity of this Power of Attorney, please call us at 1-800-421-3880.
Please refer to the above-named Attorney-in-Fact and the details of the bond to which the power is attached.



IMPORTANT NOTICE

TO GIVE NOTICE OF A CLAIM:

You may contact Travelers Casualty & Surety Company of America and its affiliates at:

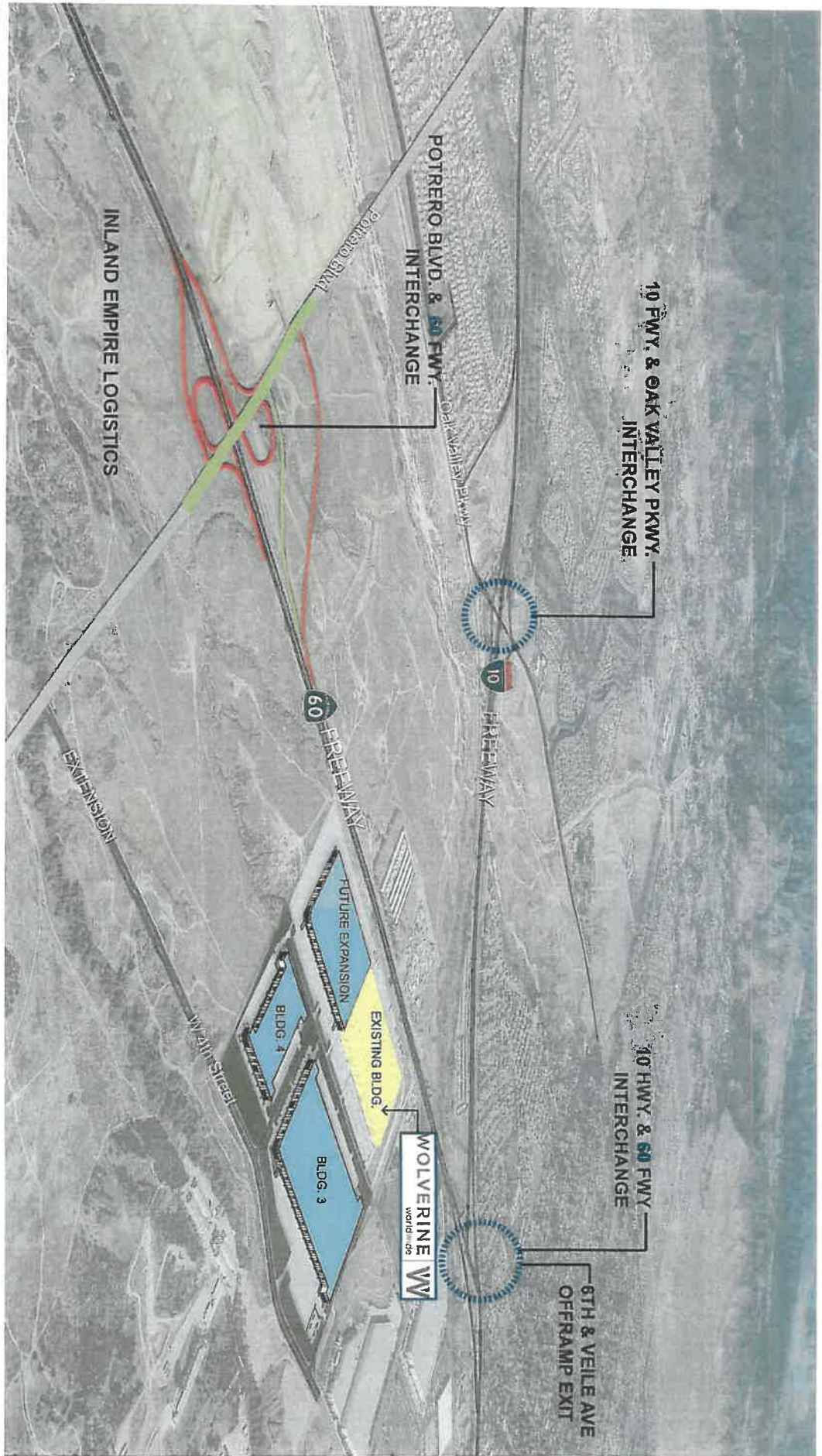
Travelers Bond & Financial Products
Attn: Bond Claim
1500 Market Street, Suite 2900
Philadelphia, PA 19102

(267) 675-3057
(267) 675-3102 Fax

ATTACH THIS NOTICE TO YOUR BOND. This notice is for information only and does not become a part or a condition of the bond.

Attachment B

**Exhibit of State Route 60 Highway, 4th Street and Potrero Boulevard
Extension, and Potrero Interchange**

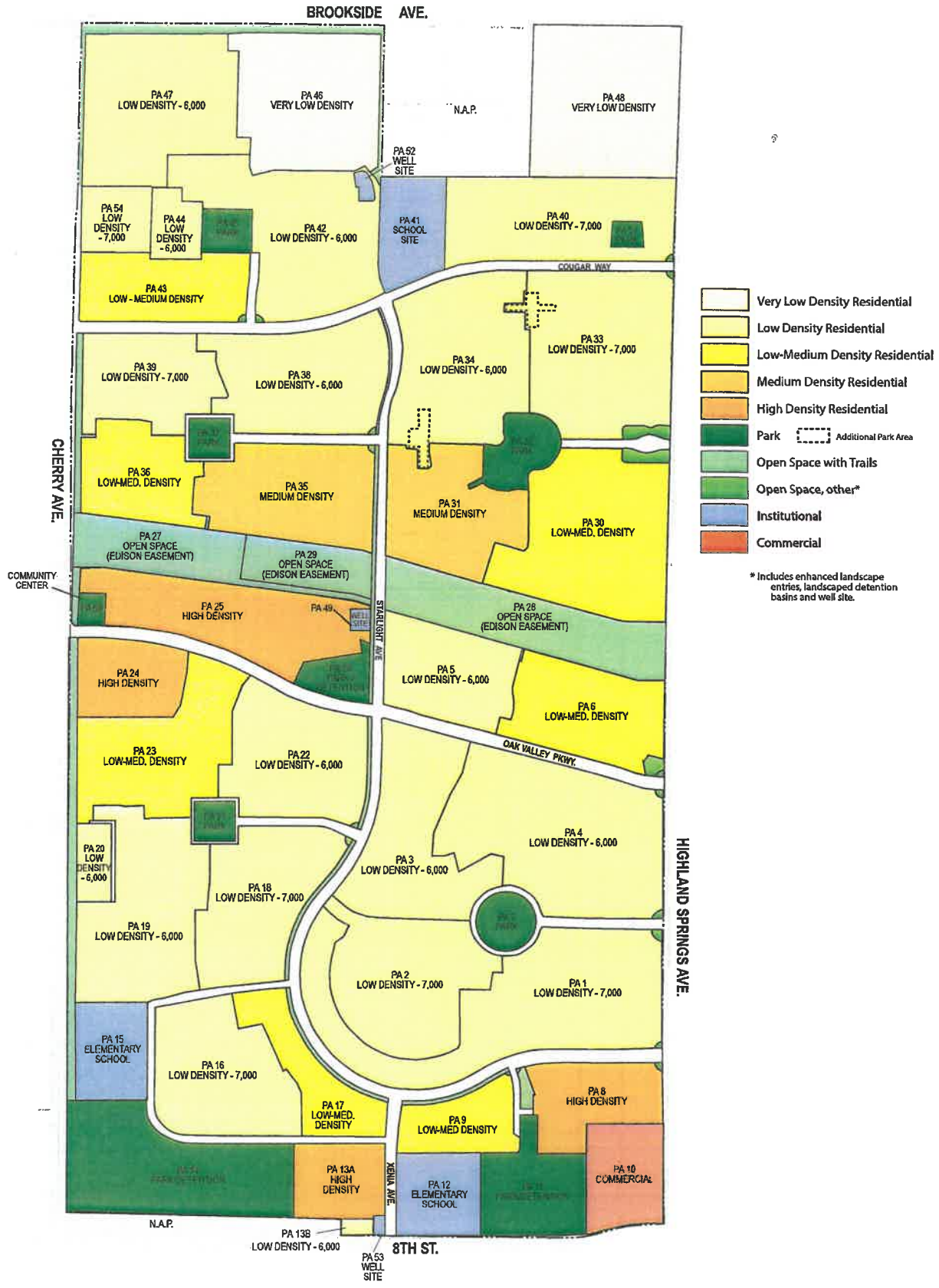


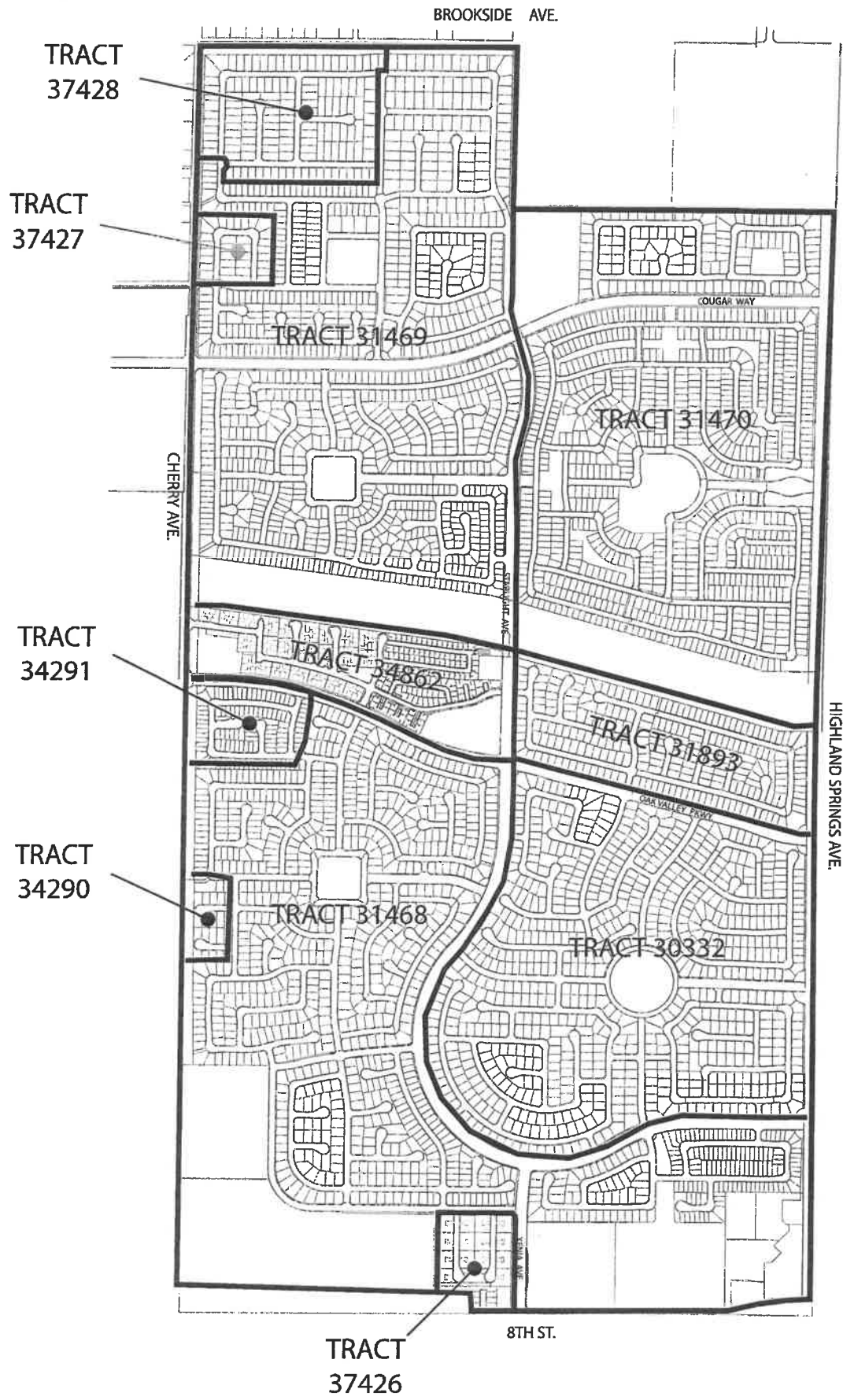
CROSSROADS BEAUMONT

City of Beaumont, CA

Attachment C

Sundance Specific Plan Land Use





Staff Report

TO: Mayor and City Council Members

FROM: Todd Parton, City Manager

DATE: February 19, 2019

SUBJECT: Formation of CFD No. 2019-1

Background and Analysis:

On January 15, 2019, the City Council adopted Resolution No. 2019-1 stating its intention to form CFD No. 2019-1 (the "District") and Resolution No. 2019-2 stating its intention to incur bonded indebtedness in an amount not to exceed \$4,000,000. This was the initial step in the formation process of the District and such resolutions called for a public hearing to be held on the formation of the District on February 19, 2019. The District consists of 118 proposed single family homes. Following the closing of the public hearing, the City Council will be asked to adopt resolutions establishing the District and determining the necessity to incur bonded indebtedness in an amount not to exceed \$4,000,000. The adoption of such resolutions will call for an election to be conducted by the City Clerk on the authorization of the levy of the special tax described in the Rate and Method of Apportionment of the Special Tax and the approval of the issuance of bonds in an amount not to exceed \$4,000,000. On file with the City Clerk is a Certificate of the Registrar of Voters of the County of Riverside confirming that there are no registered voters residing within the boundaries of the District. Accordingly, the election will be a landowner election at which each property owner within the District will have one vote for each acre (or portion thereof) of land it owns within the boundaries of the District that is not exempt from the proposed special tax. Pardee Homes (the "Developer") has executed a waiver waiving certain election law requirements and consenting to the holding of the election on the issuance of the Bonds and the levy of the special tax immediately following the public hearing.

The Developer has been previously mailed a ballot which will have been returned to the City Clerk. The City Clerk will conduct the election and read the results to the City Council which will then be requested to adopt a resolution certifying the election results. Assuming the ballot measures pass, the City Council would then be asked to introduce the Ordinance levying the special tax in the newly created District and to introduce the Ordinance approving the levy of the special tax.

Taxable Property within the District will be subject to a Facilities Special Tax, a Maintenance Special Tax and Public Services Special Tax. The Fiscal Year 2019-20 Maximum Special Tax Rate for the Special Tax for Facilities will range from \$1,270 to \$1,450 for Zone 1 and from

\$1,310 to \$1,505 for Zone 2. The rates vary based upon the size and type of homes being constructed. The Special Tax for Facilities does not escalate. These taxes shall not be levied beyond Fiscal Year 2055-56.

The Fiscal Year 2019-20 Maximum Special Tax Rate for the Special Tax for Public Services will be \$462, escalating at 5% per year. This Maximum Special Tax Rate is the same as the Fiscal Year 2019-20 Maximum Special Tax rate for other community facilities districts within the City of Beaumont, which are also subject to a Special Tax for Public Safety.

The Fiscal Year 2019-20 Maximum Special Tax Rate for the Special Tax for Maintenance Services will be \$230 per parcel or \$3,118 per acre, for parcels within Zone 1, and \$444 per parcel or \$2,600 per acre, for parcels within Zone 2, all escalating at the greater of the percentage change in the Consumer Price Index or 2% per year.


The Special Tax for Public Services and the Special Tax for Maintenance Services shall each be levied as long as needed, as determined by the City Council.

The estimated total effective tax rates of homes within the District ranges between approximately 1.98% and 2.00% of the estimated sales prices. This is consistent with the City's CFD Goals and Policies.

In addition, the City, the District and the Developer desire to enter into an Acquisition Agreement (the "Acquisition Agreement") pursuant to which the District may utilize proceeds of bond issued by the District to acquire public facilities completed by the Developer.

Fiscal Impact:

There is no impact on the general fund to pay any costs associated with the proposed formation of the District. \$50,000 has been advanced to the City by the Developer to finance initial costs of the formation of the District. In the event that any bonds are issued by the District, the Developer would be entitled to reimbursement of costs advanced pursuant to the Reimbursement Agreement. The inclusion of the Special Tax for Public Services will produce an estimated \$54,516 in annual revenues for public safety at build out (based on the initial rate of \$462/unit). The inclusion of the Special Tax for Maintenance Services will produce an estimated \$33,664.91 in annual revenues for operations and maintenance at build out (based on the initial rate within each Zone per unit).

Finance Director Review: 

Recommendation:

1. Waive the full reading and adopt by title only "A Resolution of The City Council Establishing the City of Beaumont Community Facilities District No. 2019-1, Authorizing the Levy of Special Taxes and Calling an Election Therein."
2. Waive the full reading and adopt by title only "Resolution of The City Council of The City of Beaumont, Acting as the Legislative Body of City Of Beaumont Community Facilities District No. 2019-1, Determining the Necessity to Incur Bonded Indebtedness within the Community Facilities District and Calling Elections Therein."
3. Collection of ballots to be conducted by the City Clerk, and votes to be read into the record.
4. Waive the full reading and adopt by title only "Resolution of the City Council, Acting in Its Capacity as the Legislative Body of City of Beaumont Community Facilities District No. 2019-1, Certifying the Results of the February 19, 2019 Special Tax and Bond Elections."
5. Waive the first full reading of "Ordinance of the City Council of The City of Beaumont, Acting in Its Capacity As the Legislative Body of City of Beaumont Community Facilities District No. 2019-1, Authorizing the Levy of a Special Tax within the Community Facilities District."

Attachments:

- A. Resolution of The City Council Establishing the City of Beaumont Community Facilities District No. 2019-1, Authorizing the Levy of Special Taxes and Calling an Election Therein
- B. Resolution of The City Council of The City of Beaumont, Acting as the Legislative Body of City Of Beaumont Community Facilities District No. 2019-1, Determining the Necessity to Incur Bonded Indebtedness within the Community Facilities District and Calling Elections Therein
- C. Resolution of the City Council, Acting in Its Capacity as the Legislative Body of City of Beaumont Community Facilities District No. 2019-1, Certifying the Results of the February 19, 2019 Special Tax and Bond Elections
- D. Ordinance of the City Council of The City of Beaumont, Acting in Its Capacity As the Legislative Body of City of Beaumont Community Facilities District No. 2019-1, Authorizing the Levy of a Special Tax within the Community Facilities District
- E. Community Facilities District Report
- F. Certificate of the Registrar of Voters
- G. Election Waiver
- H. Acquisition Agreement

City Manager Review: _____



RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL ESTABLISHING THE CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2019-1, AUTHORIZING THE LEVY OF SPECIAL TAXES AND CALLING AN ELECTION THEREIN

Intent of the Parties and Findings

(i) The City Council (the “City Council”) of the City of Beaumont, California (the “City”) has heretofore adopted Resolution No. 2019-1 (the “Resolution of Intention”) stating its intention to form Community Facilities District No. 2019-1 (the “Community Facilities District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”); and

(ii) A copy of the Resolution of Intention setting forth a description of the proposed boundaries of the Community Facilities District, the public facilities and the incidental expenses to be financed by the Community Facilities District (the “Facilities” and “Incidental Expenses,” respectively) and the maintenance services and the public services to be provided by the Community Facilities District (the “Maintenance Services” and the “Public Services,” respectively) is on file with the City Clerk, and the Resolution of Intention is incorporated herein by reference; and

(iii) A combined notice of a public hearing to be held on February 19, 2019 was published and mailed to all landowners of the land proposed to be included within the Community Facilities District; and

(iv) Prior to February 19, 2019, the City Council duly noticed the public hearing (the “Hearing”); and

(v) At the Hearing there was filed with this City Council a report containing a description of the Facilities, the Maintenance Services and the Public Services necessary to meet the needs of the Community Facilities District and an estimate of the cost of such Facilities as required by Section 53321.5 of the Act (the “Community Facilities District Report”); and

(vi) At the Hearing all persons desiring to be heard on all matters pertaining to the proposed formation of the Community Facilities District and the levy of the special taxes and the issuance of bonded indebtedness were heard and a full and fair hearing was held; and

(vii) At the Hearing, evidence was presented to the City Council on the matters before it, and the proposed formation of the Community Facilities District and the levy of special taxes was not precluded by a majority protest of the type described in Section 53324 of the Act, and this City Council at the conclusion of the hearing is fully advised as to all matters relating to the formation of the Community Facilities District, the levy of the special taxes and the issuance of bonded indebtedness; and

(viii) The City Council has determined that there have been no registered voters residing in the proposed boundaries of the Community Facilities District for the period of 90 days prior to the Hearing and that the qualified electors in the Community Facilities District are the landowners within the Community Facilities District; and

(ix) On the basis of all of the foregoing, the City Council has determined at this time to proceed with the establishment of the Community Facilities District and with the calling of an election within the boundaries of the Community Facilities District to authorize (i) the levy of special taxes within the Community Facilities District pursuant to the rate and method of apportionment of special tax for the Community Facilities District, a copy of which is attached hereto as Exhibit B (the "Rate and Method"), (ii) the issuance of bonds by the Community Facilities District to finance the Facilities and Incidental Expenses, and (iii) the establishment of an appropriations limit for the Community Facilities District; and

(x) The legislative body of the District desires to approve the form of an Acquisition Agreement relating to the District, by and among the City, the District and Pardee Homes (the "Acquisition Agreement");

NOW, THEREFORE, the City Council of the City of Beaumont, California, acting for and on behalf of the City and the Community Facilities District, does resolve, declare, determine and order as follows:

SECTION 1. Each of the above recitals is true and correct.

SECTION 2. The Community Facilities District to be designated "City of Beaumont Community Facilities District No. 2019-1" is hereby established pursuant to the Act. The City Council hereby finds and determines that all prior proceedings taken with respect to the establishment of the Community Facilities District were valid and in conformity with the requirements of law, including the Act. This finding is made in accordance with the provisions of Section 53325.1(b) of the Act.

SECTION 3. The boundaries of the Community Facilities District are established as shown on the map designated "Boundary Map City of Beaumont Community Facilities District No. 2019-1, County of Riverside, State of California," which map is on file in the office of the City Clerk and was recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code in the County of Riverside Book of Boundary Maps in the County Recorder's Office in Book No. 83 at pages 44-45 as Document No. 2019-0026574 on January 24, 2019.

SECTION 4. The types of Facilities, Maintenance Services, Public Services and Incidental Expenses authorized to be provided for the Community Facilities District are those set forth in the Resolution of Intention. The estimated cost of the Facilities, Maintenance Services, Public Services and Incidental Expenses to be financed is set forth in the Community Facilities District Report, which estimates may change as the Facilities are designed and bid for construction and acquisition.

The City of Beaumont is authorized by the Act to contribute revenue to, or to construct or acquire the Facilities, all in accordance with the Act. The City Council finds that the proposed Facilities are necessary to meet the increased demand that will be placed upon public infrastructure and the City as a result of new development within the Community Facilities District.

The City Council finds that the proposed Maintenance Services and Public Services are necessary to meet the increased demand that will be placed upon the City as a result of new development within the Community Facilities District.

SECTION 5. The City Council hereby adopts the Rate and Method as the rate and method of apportionment for the Community Facilities District. Except where funds are otherwise available,

it is the intention of the City Council, subject to the approval of the eligible voters within the Community Facilities District, to levy the proposed special taxes in the Community Facilities District at the rates set forth in the Rate and Method on all non-exempt property therein sufficient to pay (i) the costs of Facilities and the principal and interest and other periodic costs on the bonds proposed to be issued by the Community Facilities District to finance the Facilities, including the establishment and replenishment of reserve funds, any remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash) and other expenses of the type permitted by Section 53345.3 of the Act; (ii) the Incidental Expenses; and (iii) the costs for providing the Maintenance Services and the Public Services. The Community Facilities District expects to incur, and in certain cases has already incurred, Incidental Expenses in connection with the creation of the Community Facilities District, providing for the issuance of bonds, the levying and collecting of the special tax, the completion and inspection of the Facilities, the provision of the Maintenance Services and the Public Services and the annual administration of the bonds and the Community Facilities District. The Rate and Method is described in detail in Exhibit B hereto and incorporated herein by this reference, and the City Council hereby finds that said Exhibit B contains sufficient detail to allow each landowner within the Community Facilities District to estimate the maximum amount that may be levied against each parcel. As described in greater detail in the Community Facilities District Report, which is incorporated by reference herein, the special tax is based on the expected demand that each parcel of real property within the Community Facilities District will place on the Facilities and each parcel of real property's share of the expected costs of the Maintenance Services and the Public Services and, accordingly, is hereby determined to be reasonable. The special tax shall be levied on each assessor's parcel in the Community Facilities District pursuant to the Rate and Method, but the special tax for Facilities shall not be levied after Fiscal Year 2055-56. The special tax is apportioned to each parcel in the Community Facilities District on the foregoing bases pursuant to Section 53325.3 of the Act and such special tax is not a tax on or a tax based upon the ownership of real property.

The City's Finance Director will be responsible for preparing annually, or authorizing a designee to prepare, a current roll of special tax levy obligations by assessor's parcel number and will be responsible for estimating future special tax levies pursuant to Section 53340.2 of the Act.

SECTION 6. In the event that a portion of the property within the Community Facilities District shall become for any reason exempt, wholly or partially, from the levy of the special tax specified in the Rate and Method, the City Council shall, on behalf of the Community Facilities District, increase the levy to the extent necessary and permitted by law and these proceedings upon the remaining property within the Community Facilities District which is not delinquent or exempt in order to yield the required debt service payments on any outstanding bonds for the Community Facilities District or to prevent the Community Facilities District from defaulting on any other covenants, obligations or liabilities for the Community Facilities District; provided, however, that under no circumstances shall the Special Tax in the Community Facilities District be increased as a consequence of delinquency or default by the owner of any other parcel or parcels of private residential property within the Community Facilities District by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults in the Community Facilities District. The amount of the special tax will be set in accordance with the Rate and Method.

SECTION 7. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all non-exempt real property in the Community Facilities District; and this lien shall continue in force

and effect until the special tax obligation is paid and permanently satisfied and the lien canceled in accordance with law or until collection of the special tax by the Community Facilities District ceases.

SECTION 8. Consistent with Section 53325.6 of the Act, the City Council finds and determines that the land within the Community Facilities District, if any, devoted primarily to agricultural, timber or livestock uses and being used for the commercial production of agricultural, timber or livestock products is contiguous to other land within the Community Facilities District and will be benefited by the Facilities proposed to be provided within the Community Facilities District.

SECTION 9. It is hereby further determined that there is no ad valorem property tax currently being levied on property within the proposed Community Facilities District for the exclusive purpose of paying the principal of or interest on bonds or other indebtedness incurred to finance the construction of capital facilities which provide the same services or benefits to the territory of the Community Facilities District as are proposed to be provided by the Facilities to be financed by the Community Facilities District.

SECTION 10. The City Council finds and determines that the Maintenance Services and the Public Services are in addition to those already being provided within the territory of the Community Facilities District prior to its formation and shall not supplant services already available within such territory when the Community Facilities District is created.

SECTION 11. Written protests against the establishment of the Community Facilities District have not been filed by one half or more of the registered voters within the boundaries of the Community Facilities District or by the property owners of one half or more of the area of land within the boundaries of the Community Facilities District. The City Council hereby finds that the proposed special tax has not been precluded by a majority protest pursuant to Section 53324 of the Act.

SECTION 12. An election is hereby called for within the Community Facilities District on the propositions of levying the special tax on the property within the Community Facilities District and establishing an appropriations limit for the Community Facilities District pursuant to Section 53325.7 of the Act and shall be consolidated with the election on the proposition of incurring bonded indebtedness for the Community Facilities District, pursuant to Section 53351 of the Act. The propositions to be placed on the ballot for the Community Facilities District are attached hereto as Exhibit A.

SECTION 13. The date of the elections within the Community Facilities District shall be February 19, 2019, or such later date as is consented to by the City Clerk and the landowners within the Community Facilities District. The City Clerk shall conduct the election and all ballots shall be received by, and the City Clerk shall close the elections by, 10:00 p.m. on the election day; provided the elections shall be closed at such earlier time as all qualified electors have voted as provided in Section 53326(d) of the Act. Except as otherwise provided by the Act, the elections shall be conducted by personally delivered or mailed ballot and, except as otherwise provided by the Act, the elections shall be conducted in accordance with the provisions of law regulating elections of the City insofar as such provisions are determined by the City Clerk to be applicable.

It is hereby found that there are no registered voters within the territory of the Community Facilities District, and, pursuant to Section 53326 of the Act, each landowner who is the owner of record on the date hereof, or the authorized representative thereof, shall have one vote for each acre or

portion thereof that he, she or it owns within the Community Facilities District. The voters shall be the landowners of record within the Community Facilities District as of February 19, 2019.

SECTION 14. The preparation of the Community Facilities District Report is hereby ratified. The Community Facilities District Report, as submitted, is hereby approved and made a part of the record of the public hearing regarding the formation of the Community Facilities District, and is ordered to be kept on file with the transcript of these proceedings and open for public inspection.

SECTION 15. The City Council finds that the formation of the Community Facilities District is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the State CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because such formation has no potential for resulting in physical change to the environment, directly or indirectly.

SECTION 16. The City has adopted goals and policies (the “Goals and Policies”) which require that the effective tax rate for each property within the Community Facilities District be equal to or less than 2% of the sales price thereof.

SECTION 17. The form of the Acquisition Agreement presented at this meeting is hereby approved; and any one of the Mayor, the City Manager, the Assistant City Manager, or the Finance Director of the City or the written designee of one of the foregoing (collectively, the “Authorized Officers”) is hereby authorized and directed to execute the Acquisition Agreement in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary to cure any defect or ambiguity therein if such change does not materially alter the substance or content thereof, with such approval to be conclusively evidenced by the execution and delivery of such Acquisition Agreement.

SECTION 18. This Resolution shall be effective upon its adoption.

PASSED, APPROVED and ADOPTED this 19th day of February, 2019.

Julio Martinez, Mayor

I, Steven Mehlman, City Clerk of the City of Beaumont, do hereby certify that the foregoing Resolution was passed and adopted at a regular meeting of the City Council of the City of Beaumont held on the 19th day of February, 2019, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

ATTEST: _____
Steven Mehlman, City Clerk

EXHIBIT A

SAMPLE BALLOT

CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2019-1

SPECIAL TAX AND SPECIAL BOND ELECTION

February 19, 2019

This ballot represents ___ votes.

To vote, write or stamp a cross (“+” or “X”) in the voting square after the word “YES” or after the word “NO”. All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the City Clerk of the City of Beaumont and obtain another.

PROPOSITION A: Shall City of Beaumont Community Facilities District No. 2019-1 (the “Community Facilities District”) incur an indebtedness and issue bonds for the Community Facilities District in the maximum principal amount of \$4,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2019-1 of the City Council of the City of Beaumont?

YES _____

NO _____

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in that Resolution entitled “Resolution of the City Council Establishing the City of Beaumont Community Facilities District No. 2019-1 Authorizing the Levy of Special Taxes and Calling an Election Therein” adopted by the City Council of the City of Beaumont for the Community Facilities District on February 19, 2019 be levied to pay for the Facilities, Incidental Expenses, Maintenance Services and Public Services and the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses and the other purposes described in Resolution No. 2019-1?

YES _____

NO _____

PROPOSITION C: For each year commencing with Fiscal Year 2018-19, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for the Community Facilities District be an amount equal to \$2,000,000?

YES _____

NO _____

EXHIBIT B

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2019-1 (SUNDANCE) OF THE CITY OF BEAUMONT

The following sets forth the Rate and Method of Apportionment for the levy and collection of the Special Tax for Maintenance Services, Special Tax for Public Services and the Special Tax for Facilities in Community Facilities District No. 2019-1 (Sundance) ("CFD No. 2019-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2019-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Communities Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2019-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2019-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2019-1 or any designee thereof of complying with City or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with the release of funds from an escrow account; the costs associated with the issuance of Bonds, and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2019-1 for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2019-1.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assigned Special Tax" means the Special Tax of that name described in Section D below.

"Backup Special Tax for Facilities" means the Special Tax of that name described in Section E below.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

"Boundary Map" means a recorded map of CFD No. 2019-1 which indicates the boundaries of CFD No. 2019-1.

"Building Permit" means a permit for new construction for a residential dwelling or non-residential structure. For purpose of this definition, "Building Permit" shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Building Square Footage" or "BSF" means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor's Parcel, as determined by the CFD Administrator.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities, the Special Tax Requirement for Maintenance Services, the Special Tax Requirement for Public Services, and providing for the levy and collection of the Special Taxes.

"CFD No. 2019-1" or "CFD" means City of Beaumont Community Facilities District No. 2019-1 (Sundance) established by the City under the Act.

"City" means the City of Beaumont.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 2019-1, or its designee.

"Consumer Price Index" means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

"County" means the County of Riverside.

"Developed Property" means all Parcels of Taxable Property that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied and for which a Building Permit for new construction has been issued on or prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

" Dwelling Unit " means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

" Exempt Property " means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section J, as determined by the CFD Administrator.

" Final Map " means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or the recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which building permits may be issued without further subdivision.

" Final Map Property " means Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

" Fiscal Year " means the period commencing on July 1 of any year and ending the following June 30.

" Indenture " means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

" Land Use Category " means any of the categories listed in the tables included in Section D.

" Lot " means an individual legal lot created by a Final Map for which a Building Permit could be issued.

" Maintenance Services " means the services permitted under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance, landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2019-1 and the City.

" Maximum Special Tax " means the Maximum Special Tax for Facilities, the Maximum Special Tax for Maintenance Services, and the Maximum Special Tax for Public Services.

" Maximum Special Tax for Facilities " means the maximum Special Tax for Facilities, determined in accordance with Section C, which can be levied by CFD No. 2019-1 in any Fiscal Year on any Assessor's Parcel.

" Maximum Special Tax for Maintenance Services " means the maximum Special Tax for Maintenance Services, determined in accordance with Section C, which can be levied by CFD No. 2019-1 in any Fiscal Year on any Assessor's Parcel.

" Maximum Special Tax for Public Services " means the maximum Special Tax for Public Services, determined in accordance with Section C, which can be levied by CFD No. 2019-1 in any Fiscal Year on any Assessor's Parcel.

" Minimum Acreage " means the smallest allowable amount of taxable acreage. For CFD No. 2019-1, it shall not be less than 12.97 acres. The minimum acreage per Zone is as follows: (i) Zone 1 – 7.10 acres and (ii) Zone 2 – 5.87 acres.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for any type of non-residential use, as determined by the CFD Administrator.

"Operating Fund for Maintenance Services" means a fund that shall be maintained for CFD No. 2019-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services and the Administrative Expenses attributable to providing such Maintenance Services.

"Operating Fund for Public Services" means a fund that shall be maintained for CFD No. 2019-1 for any Fiscal Year to pay for the actual costs of providing the Public Services and the Administrative Expenses attributable to providing such Public Services.

"Operating Fund Balance" means the amount of funds in the applicable Operating Fund at the end of the preceding Fiscal Year.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Special Tax for the Facilities obligation for an Assessor's Parcel, as described in Section H.

"Prepayment Amount" means the amount required to prepay the Special Tax for the Facilities obligation in full for an Assessor's Parcel, as described in Section G.

"Property Owner Association" means a corporation formed by a real estate developer for the purpose of marketing, managing, and selling of homes and lots in a residential subdivision.

"Property Owner's Association Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association.

"Proportionately" means for Taxable Property that is (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Parcels of Developed Property, (ii) Final Map Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all Parcels of Final Map Property, and (iii) Undeveloped Property, Public Property and Property Owners' Association Property, that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is the same for all Parcels of Undeveloped Property, Public Property and Property Owners' Association Property.

"Public Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Public Services" means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2019-1 and the City.

"Residential Floor Area" means all the square footage of living area within the perimeter of a residential dwelling unit, not including any carport, walkway, garage, overhang, patio, enclosed patio,

or similar area. The CFD Administrator shall determine the Residential Floor Area based upon the Building Permit issued for such residential dwelling unit.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units, as determined by the CFD Administrator.

"Special Tax(es)" means the Special Tax for Facilities, the Special Tax for Maintenance Services, and the Special Tax for Public Services.

"Special Tax for Facilities" means any of the Special Taxes authorized to be levied within CFD No. 2019-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

"Special Tax for Maintenance Services" means any of the Special Taxes authorized to be levied by CFD No. 2019-1 pursuant to the Act to fund the Special Tax Requirement for Maintenance Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax for Public Services" means any of the Special Taxes authorized to be levied by CFD No. 2019-1 pursuant to the Act to fund the Special Tax Requirement for Public Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax Requirement for Facilities" means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2019-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond Indenture, fiscal agent agreement, or trust agreement.

"Special Tax Requirement for Maintenance Services" means that amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2019-1 for Maintenance Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Maintenance Services include funds for bonds.

"Special Tax Requirement for Public Services" means the amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2019-1 for Public Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Public Services (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Public Services include funds for bonds.

"Taxable Property" means all Assessor's Parcels within CFD No. 2019-1, which are not Exempt Property, as determined by the CFD Administrator.

"Trustee" means the firm that holds and administers assets on behalf of CFD No. 2019-1 under and pursuant to the Indenture.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

"Zone(s)" means Zone 1 or 2 as geographically identified in Exhibit B attached herein.

"Zone 1" means the specific geographic area as depicted in Exhibit B attached herein.

"Zone 2" means the specific geographic area as depicted in Exhibit B attached herein.

SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2019-20, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be assigned to one of the two Zones based upon its geographic location and further classified as Developed Property, Final Map Property or Undeveloped Property. In addition, each Assessor's Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, Assessor's Parcels of Residential Property shall be further categorized into Land Use Categories based on the Residential Floor Area for such Assessor's Parcel.

SECTION C MAXIMUM SPECIAL TAXES

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in the tables included in Section D below or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax in the tables included in Section D below.
- b. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2019-20 shall be \$230 per unit for Assessor's Parcels located in Zone 1 and \$444 per unit for Assessor's Parcels located in Zone 2. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in Fiscal Year 2019-20 shall be \$3,118 per Acre for Assessor's Parcels located in Zone 1 and \$2,600 per Acre for Assessor's Parcels located in Zone 2.

On each July 1, commencing July 1, 2020, the Maximum Special Tax for Maintenance Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) two percent (2%).

- c. The Maximum Special Tax for Public Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2019-20 shall be \$462 per unit.

On each July 1, commencing July 1, 2020, the Maximum Special Tax for Public Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) five percent (5%).

2. Final Map Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Final Map Property shall be the Assigned Special Tax for the Zone in which the Assessor's Parcel is located as set forth in Section D below.
- b. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Residential Property that is classified as Final Map Property in Fiscal Year 2019-20 shall be \$3,118 per Acre for Assessor's Parcels located in Zone 1 and \$2,600 per Acre for Assessor's Parcels located in Zone 2.

On each July 1, commencing July 1, 2020, the Maximum Special Tax for Maintenance Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) two percent (2%).

- c. Final Map Property shall not be subject to the Maximum Special Tax for Public Services.

3. Undeveloped Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax for the Zone in which the Assessor's Parcel is located as set forth in Section D below.
- b. Undeveloped Property shall not be subject to the Maximum Special Tax for Maintenance Services.
- c. Undeveloped Property shall not be subject to the Maximum Special Tax for Public Services.

**SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES**

1. Developed Property

Each Fiscal Year, beginning with Fiscal Year 2019-20, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 and Table 2 below based upon the Zone in which the Assessor's Parcel is located.

**TABLE 1
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 1**

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	< 1,800	\$1,270 per Dwelling Unit
Residential Property	1,800 – 2,000	\$1,360 per Dwelling Unit
Residential Property	>2,000	\$1,450 per Dwelling Unit
Non-Residential Property	N/A	\$18,601 per Acre

**TABLE 2
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 2**

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	< 2,000	\$1,310 per Dwelling Unit
Residential Property	2,000 – 2,249	\$1,375 per Dwelling Unit
Residential Property	2,250 – 2,500	\$1,440 per Dwelling Unit
Residential Property	>2,500	\$1,505 per Dwelling Unit
Non-Residential Property	N/A	\$8,277 per Acre

2. Final Map Property and Undeveloped Property

Each Fiscal Year, beginning with Fiscal Year 2019-20, each Assessor’s Parcel of Final Map Property and Undeveloped Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Final Map Property and Undeveloped Property for any Fiscal Year shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

1. Zone 1 rate per Acre - \$18,601
2. Zone 2 rate per Acre - \$8,277

**SECTION E
BACKUP ANNUAL SPECIAL TAX FOR FACILITIES**

When a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Special Tax for a Parcel classified or to be classified as Residential Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax rate per Acre for the applicable Zone by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non-Residential Property, Public Property and/or Property Owners' Association Property that is not Exempt Property pursuant to Section J and dividing such amount by the number of Parcels within such Final Map classified as either (i) Developed Property or (ii) Final Map Property for which a Building Permit is expected to be issued for Residential Property (i.e., the number of residential lots).

Notwithstanding the forgoing, if Parcels classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Non-Residential Property, Public Property, or Property Owners' Association Property.

**SECTION F
METHOD OF APPORTIONMENT OF THE SPECIAL TAXES**

1. Commencing with Fiscal Year 2019-20 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Facilities on all Taxable Property until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in the table included in Section D as needed to satisfy the Special Tax Requirement for Facilities.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Annual Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property exempt from the Special Tax pursuant to Section J, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of

Developed Property whose Maximum Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Property Owner's Association Property and Public Property, found not to be exempt pursuant to Section J, at up to 100% of the Maximum Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

2. Commencing with Fiscal Year 2019-20 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Maintenance Services on all Taxable Property until the amount of Special Tax for Maintenance Services equals the Special Tax Requirement for Maintenance Services in accordance with the following steps:

Step One: The Special Tax for Maintenance Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Maintenance Services as needed to satisfy the Special Tax Requirement for Maintenance Services.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Maintenance Services after the first step has been completed, the Special Tax for Maintenance Services shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax for Maintenance Services applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Maintenance Services.

3. Commencing with Fiscal Year 2019-20 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Public Services on all Taxable Property until the amount of the Special Tax for Public Services equals the Special Tax Requirement for Public Services in accordance with the following steps:

Step One: The Special Tax for Public Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Public Services as needed to satisfy the Special Tax Requirement for Public Services.

Under no circumstances will the Special Tax for Facilities, the Special Tax for Maintenance Services, or the Special Tax for Public Services levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within the CFD by more than ten percent (10%) of the Special Tax that would have been levied in that Fiscal Year, had there never been any such delinquencies or defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2019-1.

SECTION G
PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following additional definitions apply to this Section G:

“CFD Public Facilities” means \$2,000,000, or such lesser amount as determined by the CFD Administrator, expressed in 2018 dollars, which shall increase by the Construction Inflation Index on January 1, 2020, and on each January 1 thereafter, or such lower amount (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2019-1, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2019-1.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the city of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts that have been funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds issued and secured by the levy of Special Taxes for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes for Facilities.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued or an Assessor's Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2019-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor's Parcel. For an Assessor's Parcel classified as Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities for that Assessor's Parcel.
3. For each Assessor's Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator.
4. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
6. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for the

Outstanding Bonds.

8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
11. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to a Special Tax for Facilities obligation that is prepaid pursuant to this Section H, the City Council shall indicate in the records of CFD No. 2019-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

**SECTION H
PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES**

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes,

penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

- The terms above have the following meanings:
- PP = the Partial Prepayment Amount.
- P_G = the Prepayment Amount calculated according to Section G.
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of CFD No. 2019-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

**SECTION I
TERMINATION OF SPECIAL TAX**

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 2019-1 for uncollected Special Taxes for Facilities associated with the levy of such Special Taxes for Facilities, but no later than 2055-56 Fiscal Year. The Special Tax for Maintenance Services and the Special Tax for Public Services shall be levied as long as each is needed to meet the Special Tax Requirement for Maintenance Services and the Special Tax Requirement for Public Services, as determined at the sole discretion of the City Council.

**SECTION J
EXEMPTIONS**

The City shall classify as Exempt Property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a Property Owner's Association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage per Zone. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt

Property if such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage per Zone. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of the Taxable Property to less than the Minimum Acreage per Zone will continue to be classified as Taxable Property, and will continue to be subject to Special Taxes accordingly.

Tax-exempt status will be assigned by the CFD Administrator in chronological order. If an Assessor's Parcel's classification is changed after the initial status is assigned, then its tax-exempt status will be revoked.

SECTION K APPEALS

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of the available funds of CFD No. 2019-1; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within CFD No. 2019-1 in the amount of the overpayment provided that the CFD Administrator can certify there are sufficient Special Taxes to pay for the Special Tax Requirements for Facilities.

SECTION L MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2019-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

SECTION M INTERPRETATIONS

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
BEAUMONT, ACTING AS THE LEGISLATIVE BODY OF CITY OF
BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2019-1,
DETERMINING THE NECESSITY TO INCUR BONDED
INDEBTEDNESS WITHIN THE COMMUNITY FACILITIES
DISTRICT AND CALLING ELECTIONS THEREIN**

Intent of the Parties and Findings

(i) On January 15, 2019, the City Council (the “City Council”) of the City of Beaumont, California (the “City”) adopted Resolution No. 2019-1 (the “Resolution of Intention”) stating its intention to form City of Beaumont Community Facilities District No. 2019-1 (the “Community Facilities District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”); and

(ii) On January 15, 2019, the City Council also adopted Resolution No. 2019-2 stating its intention to incur bonded indebtedness within the proposed Community Facilities District in an amount not to exceed \$4,000,000 to finance: (1) the purchase, construction, expansion, improvement or rehabilitation of public improvements identified in Exhibit B to the Resolution of Intention, including all furnishings, equipment and supplies related thereto and certain development impact fees that are to be used by the City to construct infrastructure (collectively, the “Facilities”) and (2) the incidental expenses to be incurred in financing the Facilities and forming and administering the Community Facilities District (the “Incidental Expenses”); and

(iii) Notice was published as required by law relative to the intention of the City Council to form the proposed Community Facilities District and to incur bonded indebtedness for the Community Facilities District; and

(iv) On February 19, 2019, the City Council held a duly noticed public hearing to determine whether the City Council should proceed to form the Community Facilities District, issue bonds to pay for the Facilities and Incidental Expenses and to authorize a rate and method of apportionment of a special tax for the Community Facilities District to be levied within the Community Facilities District for the purposes described in the Resolution of Intention; and

(v) At said public hearing all persons desiring to be heard on all matters pertaining to the formation of the Community Facilities District, the levy of a special tax and the issuance of bonds to pay for the cost of the proposed Facilities and Incidental Expenses were heard and a full and fair hearing was held; and

(vi) Subsequent to such hearing the City Council adopted a resolution establishing the Community Facilities District (the “Resolution of Formation”); and

(vii) The City Council desires to make the necessary findings to incur bonded indebtedness for the Community Facilities District, to declare the purpose for said indebtedness, and to authorize the submittal of certain propositions to the voters of the Community Facilities District, being the owners of land within the Community Facilities District, all as authorized and required by law;

NOW, THEREFORE, the City Council of the City of Beaumont, California, acting for and on behalf of the City and the Community Facilities District, does resolve, declare, determine and order as follows:

SECTION 1. It is necessary to incur bonded indebtedness of the Community Facilities District in a maximum aggregate principal amount not to exceed \$4,000,000.

SECTION 2. The indebtedness is to be incurred for the purpose of financing the costs of purchasing, constructing, modifying, expanding, improving, or rehabilitating the Facilities, as described in the Resolution of Intention and the Resolution of Formation, financing the Incidental Expenses, and carrying out the powers and purposes of the Community Facilities District, including, but not limited to, financing the costs of selling the bonds, establishing and replenishing bond reserve funds and paying remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash), administrative expenses and other expenses of the type authorized by Section 53345.3 of the Act.

SECTION 3. The whole of the property within the Community Facilities District, other than property exempted from the special tax pursuant to the provisions of the rate and method of apportionment attached to the Resolution of Formation as Exhibit C, shall pay for the bonded indebtedness of the Community Facilities District pursuant to the levy of the special tax in the Community Facilities District authorized by the Resolution of Formation.

SECTION 4. The maximum term of the bonds to be issued shall in no event exceed forty (40) years.

SECTION 5. The bonds shall bear interest at the rate or rates not to exceed the maximum interest rate permitted by law, payable annually or semiannually, or in part annually and in part semiannually, except the first interest payment may be for a period of less than six months, with the actual rate or rates and times of payment to be determined at the time or times of sale thereof.

SECTION 6. The bonds may bear a variable or fixed interest rate, provided that such variable rate or the fixed rate shall not exceed the maximum rate permitted by Section 53531 of the California Government Code, or any other applicable provision of law limiting the maximum interest rate on the bonds.

SECTION 7. Pursuant to Section 53351 of the Act, a special election is hereby called for the Community Facilities District on the proposition of incurring the bonded indebtedness for the Community Facilities District. The proposition relative to incurring bonded indebtedness for the Community Facilities District shall be in the form set forth in Exhibit A to the Resolution of Formation. The election in the Community Facilities District on the proposition of incurring bonded indebtedness shall be consolidated with the elections and on the propositions to levy a special tax and to establish an appropriations limit for the Community Facilities District, which propositions shall be in the form set forth in Exhibit A to the Resolution of Formation.

SECTION 8. The date of the consolidated special elections for the Community Facilities District shall be February 19, 2019, or such later date as is consented to by the City Clerk of the City of Beaumont (the "City Clerk") and the owners of land within the Community Facilities District. The elections shall be conducted by the City Clerk. Except as otherwise provided by the Act, the elections shall be conducted in accordance with the provisions of law regulating elections of the City insofar as

such provisions are determined by the City Clerk to be applicable. The City Clerk is authorized to conduct the elections following the adoption of the Resolution of Formation and this resolution; and all ballots shall be received by, and the City Clerk shall close the elections by, 10:00 p.m. on the election day; provided the elections shall be closed at such earlier time as all qualified electors have voted as provided in Section 53326(d) of the Act. It is hereby found that there are no registered voters within the territory of the Community Facilities District and, pursuant to Section 53351(j) of the Act, the ballots for the special elections shall be returned in person or by mail by the landowners of record within the Community Facilities District as of the close of the February 19, 2019 hearing regarding the formation of the Community Facilities District. Each landowner shall have one vote for each acre or portion thereof that he, she or it owns within the Community Facilities District, as provided in Section 53326 of the Act.

SECTION 9. This Resolution shall be effective upon its adoption.

PASSED, APPROVED and ADOPTED this 19th day of February, 2019.

Julio Martinez, Mayor

I, Steven Mehlman, City Clerk of the City of Beaumont, do hereby certify that the foregoing Resolution was passed and adopted at a regular meeting of the City Council of the City of Beaumont held on the 19th day of February, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

ATTEST:

Steven Mehlman, City Clerk

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL, ACTING IN ITS CAPACITY
AS THE LEGISLATIVE BODY OF CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2019-1, CERTIFYING
THE RESULTS OF THE FEBRUARY 19, 2019 SPECIAL TAX AND
BOND ELECTIONS**

Intent of the Parties and Findings

(i) The City Council (the “City Council”) of the City of Beaumont, California (the “City”), acting as the legislative body of City of Beaumont Community Facilities District No. 2019-1 (the “Community Facilities District”), called and duly held elections on February 19, 2019 within the boundaries of the Community Facilities District pursuant to Resolution No. _____ for the purpose of presenting to the qualified electors within the Community Facilities District the propositions which are attached hereto as Exhibit A; and

(ii) There has been presented to the City Council a certificate of the City Clerk canvassing the results of the elections, a copy of which is attached hereto as Exhibit B;

NOW, THEREFORE, the City Council of the City of Beaumont, California, acting for and on behalf of the City and the Community Facilities District, does resolve, declare, determine and order as follows:

SECTION 1. Each of the above recitals is true and correct and is adopted by the legislative body of the Community Facilities District.

SECTION 2. Propositions A, B and C presented to the qualified electors of the Community Facilities District on February 19, 2019 were approved by more than two-thirds of the votes cast at the election held for the Community Facilities District, and each of Propositions A, B and C for the Community Facilities District has carried. The City Council is hereby authorized to levy on the land within the Community Facilities District the special tax described in Proposition B for the purposes described therein and to take the necessary steps to levy the special tax authorized by Proposition B and to issue bonds in an amount not to exceed \$4,000,000 as specified in Proposition A.

SECTION 3. The City Clerk is hereby directed to record in the Office of the County Recorder within fifteen days of the date hereof a notice of special tax lien for the Community Facilities District which Bond Counsel to the Community Facilities District shall prepare in the form required by Streets and Highways Code Section 3114.5.

PASSED, APPROVED and ADOPTED this 19th day of February, 2019.

Julio Martinez, Mayor

I, Steven Mehlman, City Clerk of the City of Beaumont, do hereby certify that the foregoing Resolution was passed and adopted at a regular meeting of the City Council of the City of Beaumont held on the 19th day of February, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

ATTEST:

Steven Mehlman, City Clerk

EXHIBIT A

SAMPLE BALLOT

**CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2019-1
SPECIAL TAX AND SPECIAL BOND ELECTION**

February 19, 2019

This ballot represents ___ votes.

To vote, write or stamp a cross (“+” or “X”) in the voting square after the word “YES” or after the word “NO”. All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the City Clerk of the City of Beaumont and obtain another.

PROPOSITION A: Shall City of Beaumont Community Facilities District No. 2019-1 (the “Community Facilities District”) incur an indebtedness and issue bonds for the Community Facilities District in the maximum principal amount of \$4,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2019-1 of the City Council of the City of Beaumont?

YES _____

NO _____

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in that Resolution entitled “Resolution of the City Council Establishing the City of Beaumont Community Facilities District No. 2019-1 Authorizing the Levy of Special Taxes and Calling an Election Therein” adopted by the City Council of the City of Beaumont for the Community Facilities District on February 19, 2019 be levied to pay for the Facilities, Incidental Expenses, Maintenance Services and Public Services and the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses and the other purposes described in Resolution No. 2019-1?

YES _____

NO _____

PROPOSITION C: For each year commencing with Fiscal Year 2018-19, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for the Community Facilities District be an amount equal to \$2,000,000?

YES _____

NO _____

EXHIBIT B

**CERTIFICATE OF THE CITY CLERK
AS TO THE RESULTS OF THE CANVASS OF THE ELECTION RETURNS**

I, Steven Mehlman, City Clerk of the City of Beaumont, do hereby certify that I have examined the returns of the Special Tax and Bond Election for City of Beaumont Community Facilities District No. 2019-1 (the "Community Facilities District"). The election was held in the chambers of the City Council at 550 East 6th Street, Beaumont, California, on February 19, 2019. I caused to be delivered a ballot to the authorized representative of each qualified elector within each the Community Facilities District. One (1) ballot was returned.

I further certify that the results of said elections and the number of votes cast for and against Propositions A, B and C for the Community Facilities District are as follows:

COMMUNITY FACILITIES DISTRICT

<u>PROPOSITION A</u>	<u>PROPOSITION B</u>	<u>PROPOSITION C</u>
YES:	YES:	YES:
NO:	NO:	NO:
TOTAL:	TOTAL:	TOTAL:

Dated this 19th day of February, 2019.

Steven Mehlman, City Clerk
City of Beaumont

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
BEAUMONT, ACTING IN ITS CAPACITY AS THE LEGISLATIVE
BODY OF CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 2019-1, AUTHORIZING THE LEVY OF A SPECIAL
TAX WITHIN THE COMMUNITY FACILITIES DISTRICT**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BEAUMONT,
RIVERSIDE COUNTY, STATE OF CALIFORNIA AS FOLLOWS:

Section 1. Findings.

A. On January 15, 2019, the City Council (the "City Council") of the City of Beaumont (the "City") adopted Resolution No. 2019-1 declaring its intention to form City of Beaumont Community Facilities District No. 2019-1 (the "Community Facilities District") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), and adopted Resolution No. 2019-2 declaring its intention to incur bonded indebtedness of the Community Facilities District; and

B. On February 19, 2019, after providing all notice required by the Act, the City Council held a public hearing required by the Act relative to the formation of the Community Facilities District, the proposed levy of special taxes within the Community Facilities District to finance certain public improvements and services described in Resolution No. 2019-1 and to secure the payment of any bonded indebtedness of the Community Facilities District in an amount not to exceed \$4,000,000; and

C. At the public hearing, all persons desiring to be heard on all matters pertaining to the formation of the Community Facilities District, the proposed levy of the special tax within the Community Facilities District to finance the public facilities, incidental expenses and services described in Resolution No. 2019-1 and the proposed issuance of bonded indebtedness of the Community Facilities District were heard and a full and fair hearing was held; and

D. On February 19, 2019, following the close of the public hearing, the City Council adopted a resolution establishing the Community Facilities District (the "Resolution of Formation") and a resolution determining the necessity to incur bonded indebtedness of the Community Facilities District (the "Resolution to Incur Bonded Indebtedness") each of which called a consolidated special election on February 19, 2019 within the Community Facilities District on three propositions relating to the levying of special taxes, the incurring of bonded indebtedness and the establishment of an appropriations limit for the Community Facilities District; and

E. On February 19, 2019, a special election was held within the Community Facilities District at which the qualified electors approved by more than a two thirds vote Propositions A, B and C authorizing the levy of a special tax within the Community Facilities District for the purposes described in the Resolution of Intention and Resolution of Formation and the issuance of bonded indebtedness for the Community Facilities District as described in the Resolution to Incur Bonded Indebtedness.

Section 2. Ordinance: Authorizing the Levy of a Special Tax within the Community Facilities District.

A. The above recitals are all true and correct.

B. By the passage of this Ordinance, the City Council authorizes the levy of the special taxes within the Community Facilities District at the maximum rates and in accordance with the rates and methods of apportionment set forth in Exhibit C to Resolution No. 2019-1, which rate and method of apportionment for the Community Facilities District is incorporated by reference herein (the "Rate and Method").

C. The Finance Director of the City is hereby further authorized and directed each fiscal year, on or before August 10 of each year, or such later date as is permitted by law, to determine the specific special tax rates and amounts to be levied for the next ensuing fiscal year for each parcel of real property within the specific special tax rate and amount to be levied on each parcel of land in the Community Facilities District pursuant to the Rate and Method. The special tax rate to be levied pursuant to the Rate and Method shall not exceed the applicable maximum rates set forth therein, but the special taxes may be levied at a lower rate.

D. Properties or entities of the state, federal or other local governments shall be exempt from the special taxes, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act and the Rate and Method. No other properties or entities are exempt from the special taxes unless the properties or entities are expressly exempted in the Resolution of Formation, or in a resolution of consideration to levy a new special tax or special taxes or to alter the rate or method of an existing special tax as provided in Section 53334 of the Act.

E. All of the collections of the special taxes pursuant to the Rate and Method shall be used as provided for in the Act and the Resolution of Formation. The special taxes shall be levied within the Community Facilities District only so long as needed for the purposes described in the Resolution of Formation.

F. The special taxes levied pursuant to the Rate and Method shall be collected in the same manner as ordinary *ad valorem* property taxes are collected and shall be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* taxes (which such procedures include the exercise of all rights and remedies permitted by law to make corrections, including, but not limited to, the issuance of amended or supplemental tax bills), as such procedure may be modified by law or by this City Council from time to time.

G. As a cumulative remedy, if any amounts levied as a special tax for payment of the interest or principal of any bonded indebtedness of the Community Facilities District, together with any penalties and other charges accruing under this Ordinance, are not paid when due, the City Council may, not later than four years after the due date of the last installment of principal on the bonds issued by the Community Facilities District, order that the same be collected by an action brought in the superior court to foreclose the lien of such special tax.

H. The specific authorization for adoption of this Ordinance is pursuant to the provisions of Section 53340 of the Act.

I. The City Clerk is hereby authorized to transmit a certified copy of this ordinance to the Riverside County Assessor and Treasurer Tax Collector, and to perform all other acts which are required by the Act, this Ordinance or by law in order to accomplish the purpose of this Ordinance.

Section 3. Severability. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The City Council hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

Section 4. Effective Date. This Ordinance shall become effective thirty (30) days from its adoption.

Section 5. Publication. The City Clerk shall certify to the adoption of this Ordinance and cause it, or a summary of it, to be published in a newspaper of general circulation printed and published within the City of Beaumont, pursuant to all legal requirements.

MOVED AND PASSED upon first reading this 19th day of February, 2019, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

MOVED, PASSED AND ADOPTED this ____ day of _____, 2019, upon second reading by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

Julio Martinez, Mayor

ATTEST:

Steven Mehlman, City Clerk



Public Hearing Report



City of Beaumont Community Facilities District No. 2019-1 (Sundance)

Prepared for:



February 2019

Table of Contents

Sections

Section 1.	Introduction	1
	A. Background	1
	B. Purpose of Public Hearing Report	1
Section 2.	Community Facilities District No. 2019-1	2
	A. Description of the Facilities/Improvements and Services	2
	B. Boundaries of the Community Facilities District	3
	C. Cost Estimate	3
	D. Rates and Method of Apportionment of Special Tax	4

Tables

Table 2-1.	Cost Estimate - Facilities	5
Table 2-2.	Cost Estimate - Services	5

Appendices

- Appendix A. Proposed Boundary Map
- Appendix B. Rate and Method of Apportionment
- Appendix C. Resolution of Intention No. 2019-01

1. Introduction

Background

On January 15, 2019, the City Council of the City of Beaumont adopted a Resolution of Intention to form Community Facilities District No. 2019-1 of the City of Beaumont, Resolution No. 2019-01 (the "Resolution of Intention") pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act").

The property within the boundaries of the City of Beaumont Community Facilities District No. 2019-1 (the "CFD No. 2019-1" or "District") is intended to be developed into 118 lots within two planning areas of the City of Beaumont. The proposed CFD will consist of two non-contiguous zones, the boundaries of which are separate planning areas. Planning Area 13 (Zone 1), also known as Tentative Tract No. 37426, will consist of 87 cluster units and Planning Area 54 (Zone 2), also known as Tentative Tract No. 37427, will consist of 31 single family residential homes. These planning areas are the final areas of the project known as the Sundance subdivision. Planning Area 13 (Zone 1) is located east of Cherry Avenue, north of 8th Street and west of Highland Springs Avenue. Planning Area 54 (Zone 2) is located east of Cherry Avenue, north of Cougar Way and South of Brookside Avenue.

A map showing the boundaries of CFD No. 2019-1 is included in Appendix A.

It is anticipated the special taxes levied by the District will provide funding for facilities, services, incidental expenses in connection with said facilities, and debt service on bonds.

Purpose of Public Hearing Report

This Public Hearing Report (the "Public Hearing Report") is submitted pursuant to Section 53321.5 of the Act, as well as the Resolution of Intention ordering said Public Hearing Report. The Act and the Resolution of Intention directs that said Public Hearing Report generally contain a description of the public facilities and services and an estimate of the costs of providing said public facilities and services.

For particulars, reference is made to the Resolution of Intention as previously approved and adopted.

2. Community Facilities District No. 2019-1

NOW, THEREFORE, the undersigned, authorized representative of WEBB MUNICIPAL FINANCE, LLC, the appointed responsible officer, or person directed to prepare the Public Hearing Report, does hereby submit the following data:

Description of the Public Facilities and Services

TYPES OF PUBLIC FACILITIES

The types of Facilities that are proposed by CFD No. 2019-1 and financed with the proceeds of special taxes and bonds issued by CFD No. 2019-1 consist of infrastructure needed for new development, including, but not limited to, roadway, bridge, sewer, domestic and reclaimed water, dry utilities, storm drain, curb and gutter, medians, traffic signals and any other facilities permitted pursuant to the Act, parks, trails, police facilities, fire facilities, library facilities, public community facilities, and appurtenances and appurtenant work, and development impact fees that are used by the City to construct infrastructure including design, engineering and planning costs associated therewith.

The Facilities are necessary for development of the property within the boundaries of CFD No. 2019-1.

The description of Facilities is general in nature. To the extent not already completed or under construction, the final nature and location of the Facilities will be determined upon preparation of final plans and specifications.

TYPES OF MAINTENANCE SERVICES

The types of Maintenance Services that are proposed to be provided by CFD No. 2019-1 and funded with the proceeds of special taxes levied by CFD No. 2019-1 consist of services permitted to be financed under the Mello-Roos Community Facilities Act of 1982 including, without limitation, street sweeping, traffic signal maintenance and the maintenance of City-owned parks, parkways and open spaces, lighting, flood and storm protection services and the operation of storm drainage systems. All of the Maintenance Services to be financed must be in addition to those provided within the boundaries of CFD No. 2019-1 before CFD No. 2019-1 is created, and shall not supplant services already available within that territory when CFD No. 2019-1 is created.

TYPES OF PUBLIC SERVICES

The types of Public Services that are proposed to be provided by CFD No. 2019-1 and funded with the proceeds of special taxes levied by CFD No. 2019-1 consist of services permitted to be financed under the Mello-Roos Community Facilities Act of 1982, as amended, including, without limitation, police and fire protection and ambulance and paramedic services. All of the Public Services to be financed must be in addition to those provided within the boundaries of CFD No. 2019-1 before CFD No. 2019-1 is created, and shall not supplant services already available within that territory when CFD No. 2019-1 is created.

Incidental Expenses

The Incidental Expenses to be paid from bond proceeds and/or special taxes include:

2. Community Facilities District No. 2019-1

All costs associated with the creation of CFD No. 2019-1, the issuance of the Obligations, the determination of the amount of special taxes to be levied, costs incurred in order to carry out the authorized purposes of CFD No. 2019-1, including legal fees, fees of consultants, engineering, planning, designing and the annual costs to administer CFD No. 2019-1 and any Obligations.

The description of the eligible public facilities, services and incidental expenses above are preliminary and general in nature. The final plans and specifications approved by the applicable public agency may show substitutes or modifications in order to accomplish the work or serve the new development and any such substitution or modification shall not constitute a change or modification in the proceedings relating to CFD No. 2019-1.

Based upon the preceding, it is my opinion that the facilities and services being funded are those that are necessary to meet certain increased demands placed upon the City, as a result of development and/or rehabilitation occurring within the boundaries of the District and the City.

DATED FEBRUARY 19, 2019

WEBB MUNICIPAL FINANCE, LLC



HEIDI SCHOEPPE
SPECIAL TAX CONSULTANT FOR
CITY OF BEAUMONT
RIVERSIDE COUNTY
STATE OF CALIFORNIA

Boundaries of the Community Facilities District

The boundaries of CFD No. 2019-1 are those properties and parcels where facilities and services are authorized to be provided and upon which special taxes may be levied in order to pay for the costs and expenses of said facilities and services. The boundary map of CFD No. 2019-1 is included in Appendix A.

Cost Estimate

Below is the estimated cost of facilities and services to be provided to the District.

1. The cost estimate of facilities, including incidental expenses, estimated to be financed through the issuance of CFD No. 2019-1 Bonds is estimated to be \$1,825,050 based upon current dollars (Fiscal Year 2018-19). However, actual costs may be financed to the extent of the proceeds of bonds and special taxes. The maximum aggregate amount of bonded indebtedness authorized by the District is \$4,000,000.

2. Community Facilities District No. 2019-1

2. For further particulars please see Table 2-1 on the following page for a summary of the cost estimate of facilities, including incidental expenses.
3. The cost estimate of services to be financed with a portion of the special taxes is summarized in Table 2-2 on the following page.
4. Pursuant to Section 53340 of the Act, the proceeds of any special tax levied and collected by CFD No. 2019-1 may be used only to pay for the cost of providing public facilities, services, and incidental expenses. As defined by the Act, incidental expenses include, but are not limited to, the annual costs associated with determination of the amount of special taxes, collection of special taxes, payment of special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District. The incidental expenses associated with the annual administration of CFD No. 2019-1 are estimated to be \$38,817 in the initial Fiscal Year. However, it is anticipated that the incidental expenses will vary due to inflation and other factors that may not be foreseen today, and the actual incidental expenses may exceed these amounts accordingly.

Rate and Method of Apportionment of Special Tax

1. The Resolution of Intention generally sets forth the rate and method of apportionment of the special tax to allow each landowner or resident within the District to estimate the annual amount of special tax that will be required.
2. For particulars as to the Rate and Method of Apportionment see Appendix B.
3. The special tax shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties and interest, in any case of delinquency, as applicable for ad valorem taxes.

**Table 2-1
Cost Estimate - Facilities**

Description	Total
Par Amount	\$1,825,050
Project Funds Available	\$1,372,386
I. Eligible Facility Costs	
Street Improvements Cherry Ave.	\$954,607
Storm Drain along Cherry	\$1,353,209
Sewer along Cherry	\$4,118
Total Eligible Facility/Improvement Fees	\$2,311,934
II. Funded Eligible Facility/Improvement Fees⁽¹⁾	
Funded Eligible Facility/Improvement Fees	\$1,372,386
Incidental Financing Expenses	\$452,664
Total Funded Eligible Facilities	\$1,825,050
III. Unfunded Eligible Facility/Improvement Fees⁽¹⁾	
Unfunded Eligible Facility/Improvement Fees	\$939,548
Total Unfunded Eligible Facility/Improvement Fees	\$939,548

⁽¹⁾ Represents estimates based on current dollars and currently projected bond interest rates, and shall not limit the actual amount financed. Actual costs may be financed to the extent of bond proceeds and special taxes available.

**Table 2-2
Cost Estimate - Services**

Description	Zone 1	Zone 2
I. Maintenance Services		
Street Lights	\$740	\$1,110
Landscaping	\$0	\$2,616
Street Sweeping and Maintenance	\$4,575	\$3,278
Drainage	\$600	\$600
Parks Maintenance	\$8,263	\$2,944
Trails Maintenance	\$671	\$239
Graffiti Abatement	\$685	\$244
Reserve & Administration	\$4,393	\$2,707
Total Maintenance Services	\$19,927	\$13,738
II. Public Services		
Police and Fire Services	\$36,175	\$12,890
Administration	\$4,019	\$1,432
Total Public Services	\$40,194	\$14,322
Total Services	\$60,121	\$28,060

2. Community Facilities District No. 2019-1

It is my opinion that the special tax rates and method of apportionment, as set forth above, is fair and equitable, uniformly applied, and not discriminatory or arbitrary.

This Public Hearing Report has been prepared and consolidated by the Special Tax Consultant, Webb Municipal Finance, LLC, and is herewith submitted to the City Council of the City pursuant to the applicable provisions of the Act.

DATED FEBRUARY 19, 2019

WEBB MUNICIPAL FINANCE, LLC



HEIDI SCHOEPPE
SPECIAL TAX CONSULTANT FOR
CITY OF BEAUMONT
RIVERSIDE COUNTY
STATE OF CALIFORNIA

APPENDIX A
Boundary Map



BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 2019-1 (SUNDANCE) CITY OF BEAUMONT COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2019-1 (SUNDANCE), CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF BEAUMONT, RIVERSIDE COUNTY AT A REGULAR MEETING THEREOF, HELD ON THE 15 DAY OF January, 2019, BY RESOLUTION NO. 2019-03

CITY CLERK
CITY OF BEAUMONT

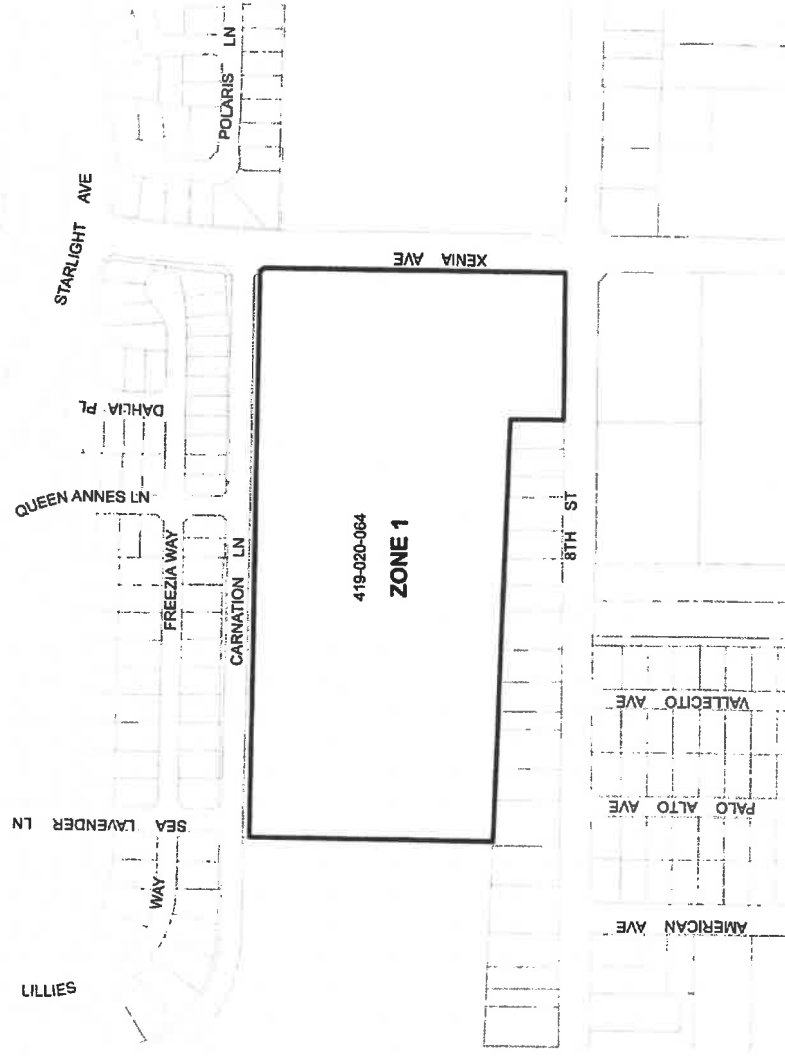
FILED IN THE OFFICE OF THE CITY CLERK, CITY OF BEAUMONT,
THIS 16 DAY OF January, 2019

CITY CLERK
CITY OF BEAUMONT

RECORDED THIS 21 DAY OF January, 2019
AT THE HOUR OF 12:24 O'CLOCK PM IN BOOK B2
PAGE 41 OF MAPS OF ASSESSMENT AND COMMUNITY
FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY
RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF
CALIFORNIA.

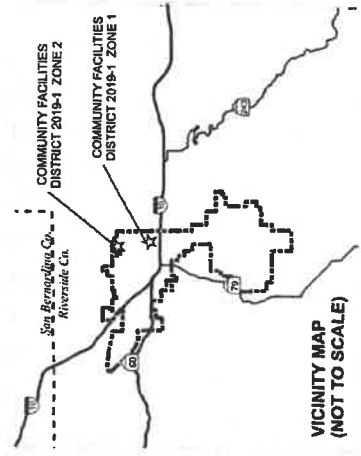
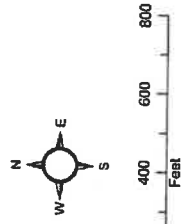
NO.: 2019-0026574
PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER

BY: _____ DEPUTY



LEGEND

- CFD BOUNDARY
- PARCEL LINE
- BEAUMONT CITY BOUNDARY
- XXX-XXX-XXX ASSESSOR'S PARCEL NUMBER

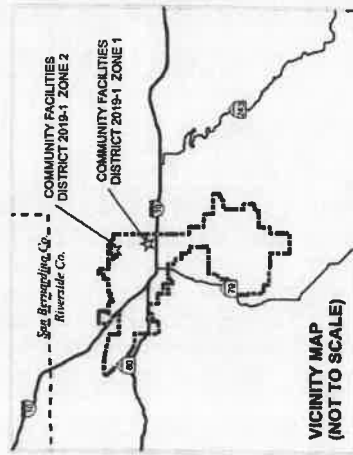
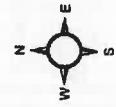
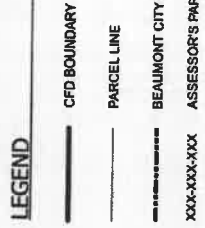


THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. PARCEL NUMBERS ARE RIVERSIDE COUNTY ASSESSOR'S PARCEL NUMBERS. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2018-2019.

ALBERT A. WEBB
A.S.C.I.A.T.E.S.
REGISTERED CONSULTANTS

82/85

BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 2019-1 (SUNDANCE)
CITY OF BEAUMONT
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



VICINITY MAP
(NOT TO SCALE)

THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. PARCEL NUMBERS ARE RIVERSIDE COUNTY ASSESSOR'S PARCEL NUMBERS. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2018-2019.

ALBERT A. WEBB ASSOCIATES ENGINEERING CONSULTANTS

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APPENDIX B

Rate and Method of Apportionment



**RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT NO. 2019-1 (SUNDANCE)
OF THE CITY OF BEAUMONT**

The following sets forth the Rate and Method of Apportionment for the levy and collection of the Special Tax for Maintenance Services, Special Tax for Public Services and the Special Tax for Facilities in Community Facilities District No. 2019-1 (Sundance) ("CFD No. 2019-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2019-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Communities Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2019-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2019-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2019-1 or any designee thereof of complying with City or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with the release of funds from an escrow account; the costs associated with the issuance of Bonds, and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2019-1 for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2019-1.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assigned Special Tax" means the Special Tax of that name described in Section D below.

"Backup Special Tax for Facilities" means the Special Tax of that name described in Section E below.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

"Boundary Map" means a recorded map of CFD No. 2019-1 which indicates the boundaries of CFD No. 2019-1.

"Building Permit" means a permit for new construction for a residential dwelling or non-residential structure. For purpose of this definition, "Building Permit" shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Building Square Footage" or **"BSF"** means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor's Parcel, as determined by the CFD Administrator.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities, the Special Tax Requirement for Maintenance Services, the Special Tax Requirement for Public Services, and providing for the levy and collection of the Special Taxes.

"CFD No. 2019-1" or **"CFD"** means City of Beaumont Community Facilities District No. 2019-1 (Sundance) established by the City under the Act.

"City" means the City of Beaumont.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 2019-1, or its designee.

"Consumer Price Index" means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

"County" means the County of Riverside.

"Developed Property" means all Parcels of Taxable Property that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied and for which a Building Permit for new construction has been issued on or prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

"Dwelling Unit" means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section J, as determined by the CFD Administrator.

"Final Map" means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or the recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which building permits may be issued without further subdivision.

"Final Map Property" means Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

"Fiscal Year" means the period commencing on July 1 of any year and ending the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

"Land Use Category" means any of the categories listed in the tables included in Section D.

"Lot" means an individual legal lot created by a Final Map for which a Building Permit could be issued.

"Maintenance Services" means the services permitted under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance, landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2019-1 and the City.

"Maximum Special Tax" means the Maximum Special Tax for Facilities, the Maximum Special Tax for Maintenance Services, and the Maximum Special Tax for Public Services.

"Maximum Special Tax for Facilities" means the maximum Special Tax for Facilities, determined in accordance with Section C, which can be levied by CFD No. 2019-1 in any Fiscal Year on any Assessor's Parcel.

"Maximum Special Tax for Maintenance Services" means the maximum Special Tax for Maintenance Services, determined in accordance with Section C, which can be levied by CFD No. 2019-1 in any Fiscal Year on any Assessor's Parcel.

"Maximum Special Tax for Public Services" means the maximum Special Tax for Public Services, determined in accordance with Section C, which can be levied by CFD No. 2019-1 in any Fiscal Year on any Assessor's Parcel.

"Minimum Acreage" means the smallest allowable amount of taxable acreage. For CFD No. 2019-1, it shall not be less than 12.97 acres. The minimum acreage per Zone is as follows: (i) Zone 1 – 7.10 acres and (ii) Zone 2 – 5.87 acres.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for any type of non-residential use, as determined by the CFD Administrator.

"Operating Fund for Maintenance Services" means a fund that shall be maintained for CFD No. 2019-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services and the Administrative Expenses attributable to providing such Maintenance Services.

"Operating Fund for Public Services" means a fund that shall be maintained for CFD No. 2019-1 for any Fiscal Year to pay for the actual costs of providing the Public Services and the Administrative Expenses attributable to providing such Public Services.

"Operating Fund Balance" means the amount of funds in the applicable Operating Fund at the end of the preceding Fiscal Year.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Special Tax for the Facilities obligation for an Assessor's Parcel, as described in Section H.

"Prepayment Amount" means the amount required to prepay the Special Tax for the Facilities obligation in full for an Assessor's Parcel, as described in Section G.

"Property Owner Association" means a corporation formed by a real estate developer for the purpose of marketing, managing, and selling of homes and lots in a residential subdivision.

"Property Owner's Association Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association.

"Proportionately" means for Taxable Property that is (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Parcels of Developed Property, (ii) Final Map Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all Parcels of Final Map Property, and (iii) Undeveloped Property, Public Property and Property Owners' Association Property, that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is the same for all Parcels of Undeveloped Property, Public Property and Property Owners' Association Property.

"Public Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated

to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Public Services" means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2019-1 and the City.

"Residential Floor Area" means all the square footage of living area within the perimeter of a residential dwelling unit, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The CFD Administrator shall determine the Residential Floor Area based upon the Building Permit issued for such residential dwelling unit.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units, as determined by the CFD Administrator.

"Special Tax(es)" means the Special Tax for Facilities, the Special Tax for Maintenance Services, and the Special Tax for Public Services.

"Special Tax for Facilities" means any of the Special Taxes authorized to be levied within CFD No. 2019-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

"Special Tax for Maintenance Services" means any of the Special Taxes authorized to be levied by CFD No. 2019-1 pursuant to the Act to fund the Special Tax Requirement for Maintenance Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax for Public Services" means any of the Special Taxes authorized to be levied by CFD No. 2019-1 pursuant to the Act to fund the Special Tax Requirement for Public Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax Requirement for Facilities" means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2019-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond Indenture, fiscal agent agreement, or trust agreement.

"Special Tax Requirement for Maintenance Services" means that amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2019-1 for Maintenance Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services (ii) amount necessary to fund an operating reserve for the costs of

Maintenance Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Maintenance Services include funds for bonds.

"Special Tax Requirement for Public Services" means the amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2019-1 for Public Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Public Services (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Public Services include funds for bonds.

"Taxable Property" means all Assessor's Parcels within CFD No. 2019-1, which are not Exempt Property, as determined by the CFD Administrator.

"Trustee" means the firm that holds and administers assets on behalf of CFD No. 2019-1 under and pursuant to the Indenture.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

"Zone(s)" means Zone 1 or 2 as geographically identified in Exhibit B attached herein.

"Zone 1" means the specific geographic area as depicted in Exhibit B attached herein.

"Zone 2" means the specific geographic area as depicted in Exhibit B attached herein.

SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2019-20, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be assigned to one of the two Zones based upon its geographic location and further classified as Developed Property, Final Map Property or Undeveloped Property. In addition, each Assessor's Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, Assessor's Parcels of Residential Property shall be further categorized into Land Use Categories based on the Residential Floor Area for such Assessor's Parcel.

**SECTION C
MAXIMUM SPECIAL TAXES**

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in the tables included in Section D below or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax in the tables included in Section D below.

- b. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2019-20 shall be \$230 per unit for Assessor's Parcels located in Zone 1 and \$444 per unit for Assessor's Parcels located in Zone 2. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in Fiscal Year 2019-20 shall be \$3,118 per Acre for Assessor's Parcels located in Zone 1 and \$2,600 per Acre for Assessor's Parcels located in Zone 2.

On each July 1, commencing July 1, 2020, the Maximum Special Tax for Maintenance Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) two percent (2%).

- c. The Maximum Special Tax for Public Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2019-20 shall be \$462 per unit.

On each July 1, commencing July 1, 2020, the Maximum Special Tax for Public Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) five percent (5%).

2. Final Map Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Final Map Property shall be the Assigned Special Tax for the Zone in which the Assessor's Parcel is located as set forth in Section D below.

- b. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Residential Property that is classified as Final Map Property in Fiscal Year 2019-20 shall be \$3,118 per Acre for Assessor's Parcels located in Zone 1 and \$2,600 per Acre for Assessor's Parcels located in Zone 2.

On each July 1, commencing July 1, 2020, the Maximum Special Tax for Maintenance Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) two percent (2%).

- c. Final Map Property shall not be subject to the Maximum Special Tax for Public Services.

3. Undeveloped Property

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Undeveloped Property shall be the Assigned Special Tax for the Zone in which the Assessor's Parcel is located as set forth in Section D below.
- b. Undeveloped Property shall not be subject to the Maximum Special Tax for Maintenance Services.
- c. Undeveloped Property shall not be subject to the Maximum Special Tax for Public Services.

**SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES**

1. Developed Property

Each Fiscal Year, beginning with Fiscal Year 2019-20, each Assessor’s Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 and Table 2 below based upon the Zone in which the Assessor's Parcel is located.

**TABLE 1
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 1**

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	< 1,800	\$1,270 per Dwelling Unit
Residential Property	1,800 – 2,000	\$1,360 per Dwelling Unit
Residential Property	>2,000	\$1,450 per Dwelling Unit
Non-Residential Property	N/A	\$18,601 per Acre

**TABLE 2
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 2**

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	< 2,000	\$1,310 per Dwelling Unit
Residential Property	2,000 – 2,249	\$1,375 per Dwelling Unit
Residential Property	2,250 – 2,500	\$1,440 per Dwelling Unit
Residential Property	>2,500	\$1,505 per Dwelling Unit
Non-Residential Property	N/A	\$8,277 per Acre

2. Final Map Property and Undeveloped Property

Each Fiscal Year, beginning with Fiscal Year 2019-20, each Assessor’s Parcel of Final Map Property and Undeveloped Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Final Map Property and Undeveloped Property for any Fiscal Year shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

1. Zone 1 rate per Acre - \$18,601
2. Zone 2 rate per Acre - \$8,277

**SECTION E
BACKUP ANNUAL SPECIAL TAX FOR FACILITIES**

When a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Special Tax for a Parcel classified or to be classified as Residential Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax rate per Acre for the applicable Zone by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non-Residential Property, Public Property and/or Property Owners’ Association Property that is not Exempt Property pursuant to Section J and dividing such amount by the number of Parcels within such Final Map classified as either (i) Developed Property or (ii) Final Map Property for which a Building Permit is expected to be issued for Residential Property (i.e., the number of residential lots).

Notwithstanding the forgoing, if Parcels classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Non-Residential Property, Public Property, or Property Owners’ Association Property.

SECTION F
METHOD OF APPORTIONMENT OF THE SPECIAL TAXES

1. Commencing with Fiscal Year 2019-20 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Facilities on all Taxable Property until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in the table included in Section D as needed to satisfy the Special Tax Requirement for Facilities.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Annual Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property exempt from the Special Tax pursuant to Section J, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Maximum Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Property Owner's Association Property and Public Property, found not to be exempt pursuant to Section J, at up to 100% of the Maximum Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

2. Commencing with Fiscal Year 2019-20 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Maintenance Services on all Taxable Property until the amount of Special

Tax for Maintenance Services equals the Special Tax Requirement for Maintenance Services in accordance with the following steps:

Step One: The Special Tax for Maintenance Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Maintenance Services as needed to satisfy the Special Tax Requirement for Maintenance Services.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Maintenance Services after the first step has been completed, the Special Tax for Maintenance Services shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax for Maintenance Services applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Maintenance Services.

3. Commencing with Fiscal Year 2019-20 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Public Services on all Taxable Property until the amount of the Special Tax for Public Services equals the Special Tax Requirement for Public Services in accordance with the following steps:

Step One: The Special Tax for Public Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Public Services as needed to satisfy the Special Tax Requirement for Public Services.

Under no circumstances will the Special Tax for Facilities, the Special Tax for Maintenance Services, or the Special Tax for Public Services levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within the CFD by more than ten percent (10%) of the Special Tax that would have been levied in that Fiscal Year, had there never been any such delinquencies or defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2019-1.

SECTION G PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following additional definitions apply to this Section G:

"CFD Public Facilities" means \$2,000,000, or such lesser amount as determined by the CFD Administrator, expressed in 2018 dollars, which shall increase by the Construction Inflation Index on January 1, 2020, and on each January 1 thereafter, or such lower amount (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2019-1, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2019-1.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the city of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts that have been funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds issued and secured by the levy of Special Taxes for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes for Facilities.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued or an Assessor's Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2019-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>

equals Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor's Parcel. For an Assessor's Parcel classified as Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for the Outstanding Bonds.
8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.

9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
11. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to a Special Tax for Facilities obligation that is prepaid pursuant to this Section H, the City Council shall indicate in the records of CFD No. 2019-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION H PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

P_G = the Prepayment Amount calculated according to Section G.

F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of CFD No. 2019-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION I TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 2019-1 for uncollected Special Taxes for Facilities associated with the levy of such Special Taxes for Facilities, but no later than 2055-56 Fiscal Year. The Special Tax for Maintenance Services and the Special Tax for Public Services shall be levied as long as each is needed to meet the Special Tax Requirement for Maintenance Services and the Special Tax Requirement for Public Services, as determined at the sole discretion of the City Council.

SECTION J EXEMPTIONS

The City shall classify as Exempt Property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a Property Owner's Association, or (iv) Assessor's Parcels with public or utility easements making impractical their

utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage per Zone. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage per Zone. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of the Taxable Property to less than the Minimum Acreage per Zone will continue to be classified as Taxable Property, and will continue to be subject to Special Taxes accordingly.

Tax-exempt status will be assigned by the CFD Administrator in chronological order. If an Assessor's Parcel's classification is changed after the initial status is assigned, then its tax-exempt status will be revoked.

SECTION K APPEALS

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of the available funds of CFD No. 2019-1; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within CFD No. 2019-1 in the amount of the overpayment provided that the CFD Administrator can certify there are sufficient Special Taxes to pay for the Special Tax Requirements for Facilities.

SECTION L MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2019-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**SECTION M
INTERPRETATIONS**

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.

APPENDIX C

Resolution of Intention No. 2019-01



RESOLUTION NO. 2019-01

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BEAUMONT, CALIFORNIA, DECLARING ITS INTENTION TO ESTABLISH CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2019-1 (SUNDANCE), TO AUTHORIZE THE LEVY OF A SPECIAL TAX TO PAY THE COST OF ACQUIRING OR CONSTRUCTING CERTAIN PUBLIC FACILITIES, TO PAY FOR CERTAIN MAINTENANCE AND PUBLIC SERVICES, TO PAY FOR CERTAIN INCIDENTAL EXPENSES AND TO PAY DEBT SERVICE ON BONDED INDEBTEDNESS

WHEREAS, the City of Beaumont (the "City") has received a petition (the "Formation Petition") from at least 10% of the owners of the territory described in Exhibit A attached hereto (the "Property"), requesting to establish City of Beaumont Community Facilities District No. 2019-1 (Sundance) (the "Community Facilities District") to finance (1) the purchase, construction, expansion, improvement or rehabilitation of the public facilities described in Exhibit B hereto (which attachment is incorporated herein by this reference), including all furnishings, equipment and supplies related thereto (collectively, the "Facilities"), which Facilities have a useful life of five years or longer, (2) the maintenance services described in Exhibit B hereto (collectively, the "Maintenance Services"), (3) the public services described in Exhibit B hereto (collectively, the "Public Services") and (4) the incidental expenses to be incurred in connection with financing the Facilities and/or Services and forming the Community Facilities District and administering the Community Facilities District (the "Incidental Expenses"); and

WHEREAS, the City Council of the City (the "City Council"), acting as the legislative body of the Community Facilities District, intends to approve an estimate of the costs of the Facilities, Maintenance Services, Public Services and the Incidental Expenses for the Community Facilities District; and

WHEREAS, it is the intention of the City Council to consider financing the Facilities and the Incidental Expenses through the formation of the Community Facilities District, and the sale of bonds in an amount not to exceed Four Million Dollars (\$4,000,000) for the Community Facilities District (the "Obligations") and the levy of a special tax in the Community Facilities District to pay debt service on the Obligations, provided that the bond sale and special tax levy are approved at an election to be held for the Community Facilities District; and

NOW, THEREFORE, the City Council of the City of Beaumont DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. Intention. The City Council declares its intention to conduct proceedings pursuant to said Article 3.5 of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") for the establishment of the Community Facilities District with boundaries coterminous with the Property. It is further proposed that the boundaries of the Community Facilities District shall be the legal boundaries as described in Exhibit A hereto which boundaries shall, upon recordation of the boundary map for the Community Facilities District (which map is on file with the City Clerk), include the entirety of any parcel subject to taxation by the Community Facilities District, except where

indicated on the boundary map, and as depicted on the boundary map of the Community Facilities District which is on file with the City Clerk. The City Clerk is hereby directed to sign the original boundary map of the Community Facilities District and record it with all proper endorsements thereon with the County Recorder of the County of Riverside within 15 days after the adoption of this resolution, all as required by Section 3111 of the Streets and Highways Code of the State of California.

SECTION 2. Name of the Community Facilities District. The name of the proposed Community Facilities District is "City of Beaumont Community Facilities District No. 2019-1 (Sundance), County of Riverside, State of California."

SECTION 3. Types of Facilities and Services to be Financed by the Community Facilities District. The Facilities proposed to be provided within the Community Facilities District are public facilities as defined in the Act. The City Council hereby finds and determines that the description of the Facilities, Maintenance Services, Public Services and Incidental Expenses herein is sufficiently informative to allow taxpayers within the Community Facilities District to understand what the funds of the Community Facilities District may be used to finance the Facilities, Maintenance Services, Public Services and Incidental Expenses expected to be incurred, including the cost of planning and designing the Facilities, the costs of forming the Community Facilities District, issuing bonds, levying and collecting a special tax within the Community Facilities District and the annual administration costs of the Community Facilities District. The City Council hereby finds that the proposed Facilities, Maintenance Services and Public Services are necessary to meet increased demands placed upon the City as a result of development occurring in the Community Facilities District. The Facilities may be acquired from one or more of the property owners as completed public facilities or may be constructed by or on behalf of the City and paid for with bond and special tax proceeds.

SECTION 4. Special Taxes. Except where funds are otherwise available, it is the intention of the City Council to levy annually in accordance with the procedures contained in the Act a special tax, secured by a continuing lien against all non-exempt real property in the Community Facilities District, sufficient to pay for the Facilities, Maintenance Services, Public Services and Incidental Expenses and the principal and interest and other periodic costs on bonds or other indebtedness issued to finance the Facilities and Incidental Expenses, including the establishment and replenishment of any reserve funds deemed necessary by the City, and any remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash) attributable to the Community Facilities District. The rate and method of apportionment and manner of collection of the special tax for the Community Facilities District is described in detail in Exhibit C attached hereto (which attachment is incorporated herein by this reference). Exhibit C allows each landowner within the Community Facilities District to estimate the maximum amount that may be levied against each parcel.

If special taxes of the Community Facilities District are levied against any parcel used for private residential purposes, (i) the maximum special tax rate shall not be increased except to the extent permitted in the rate and method of apportionment, (ii) the special tax to finance Facilities and Incidental Expenses shall not be levied later than the 2055-56 Fiscal Year and the special taxes to finance services shall be levied for as long as necessary to meet the special tax requirement for the Maintenance Services and the Public Services as determined in the sole discretion of the City Council, acting as the Legislative Body of the Community Facilities District, and (iii) under no circumstances shall such special taxes in the Community Facilities District be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within the Community Facilities

District by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

The special taxes are based on the cost of making the Facilities, the Maintenance Services and the Public Services available to each parcel of real property within the Community Facilities District. The City Council hereby determines the rate and method of apportionment of the special tax for the Community Facilities District set forth in Exhibit C to be reasonable. The special taxes are apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act; and such special taxes are not on or based upon the value or ownership of real property. In the event that a portion of the property within the Community Facilities District shall become for any reason exempt, wholly or partially, from the levy of the special tax specified in Exhibit C, the City Council shall, on behalf of the Community Facilities District, cause the levy to be increased, subject to the limitation of the maximum special tax for a parcel as set forth in Exhibit C, to the extent necessary upon the remaining property within the Community Facilities District which is not exempt in order to yield the special tax revenues required for the purposes described in this Section. The obligation to pay special taxes for Facilities and Incidental Expenses may be prepaid as provided in the rate and method of apportionment set forth in Exhibit C, as such rate and method of apportionment may be amended hereafter. The obligation to pay the special taxes for services may not be prepaid.

SECTION 5. Public Hearing. A combined public hearing (the "Hearing") on the establishment of the Community Facilities District, the proposed rate and method of apportionment of the special tax for the Community Facilities District and the proposed issuance of bonds for the Community Facilities District to finance the Facilities and the Incidental Expenses shall be held at 6:00 p.m., or as soon thereafter as practicable, on February 19, 2019, at the City Council's Chambers, 550 East 6th Street, Beaumont, California. If the City Council determines to form the Community Facilities District, special elections will be held to authorize the issuance of the bonds for the Community Facilities District and the levy of the special taxes in accordance with the procedures contained in Government Code Section 53326. If such elections are held and assuming there are no registered voters residing within the proposed Community Facilities District for each of the ninety (90) days prior to the Hearing, the proposed voting procedure at the elections will be a landowner vote with each landowner who is the owner of record of land within the Community Facilities District at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within the Community Facilities District. Ballots for the special elections may be distributed by mail or by personal service.

At the time and place set forth above for the Hearing, the City Council will receive testimony as to whether the Community Facilities District therein shall be established, whether special taxes shall be levied in accordance with the proposed rate and method of apportionment of the special tax, and whether Obligations for the Community Facilities District shall be issued to finance Facilities and Incidental Expenses of the Community Facilities District.

At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within the Community Facilities District, may appear and be heard.

SECTION 6. Notice. The City Clerk is hereby authorized and directed to publish a notice (the "Notice") of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the Community Facilities District. The City Clerk is further authorized and directed to mail a copy of the Notice to each of the landowners or any registered voters

within the boundaries of the Community Facilities District at least 15 days prior to the Hearing. The Notice shall contain the text or a summary of this Resolution, the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description of the protest rights of the registered voters and landowners in the Community Facilities District and a description of the proposed voting procedure for the elections required by the Act. Such publication shall be completed at least seven (7) days prior to the date of the Hearing.

SECTION 7. Reports re Facilities and Services. Each City officer who is or will be responsible for providing the facilities and services, if the Community Facilities District is established, is hereby directed to study the Community Facilities District and, at or before the time of the Hearing, file a report with the City Council containing a brief description of the public facilities and services by type which will in his or her opinion be required to adequately meet the needs of the Community Facilities District and an estimate of the cost of providing those public facilities and services.

SECTION 8. Advance of Funds. The City may accept advances of funds or work-in-kind from any source, including, but not limited to, private persons or private entities, for any authorized purpose, including, but not limited to, paying any cost incurred by the City in creating the Community Facilities District. The City may enter into an agreement with the person or entity advancing the funds or work-in-kind, to repay all or a portion of the funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the City Council, with or without interest.

SECTION 9. Maximum Bonded Indebtedness. The reasonably expected maximum principal amount of the Obligations is \$4,000,000.

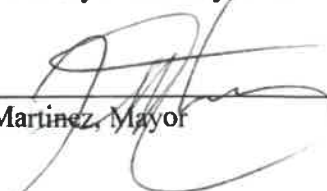
SECTION 10. Appointment of Financing Team. Urban Futures, Inc. is hereby appointed to act as financial advisor to the City and the Community Facilities District with respect to the formation of the Community Facilities District. Webb Municipal Finance, LLC, is hereby appointed to act as special tax consultant with respect to the formation of the Community Facilities District. Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby appointed to act as special counsel with respect to the formation of the Community Facilities District.

SECTION 11. Reservation of Rights. Except to the extent limited in any bond resolution or trust indenture related to the issuance of bonds, the City Council hereby reserves to itself all rights and powers set forth in Section 53344.1 of the Act (relating to tenders in full or partial payment).

SECTION 12. Approval of Reimbursement Agreement. The form of the Reimbursement Agreement by and between the City and Pardee Homes, to be utilized in connection with the formation of the Community Facilities District, substantially in the form on file with the City Clerk, is hereby approved and the City Manager of the City, or his or her written designee, is hereby authorized to execute and deliver such agreement with such changes therein, deletions therefrom and modifications thereto as the City Manager, or his or her written designee, may approve.

SECTION 13. This Resolution shall be effective upon its adoption.

PASSED, APPROVED and ADOPTED this 15th day of January, 2019.



Julio Martinez, Mayor

I, Steven Mehlman, City Clerk of the City of Beaumont, do hereby certify that the foregoing Resolution was passed and adopted at a regular meeting of the City Council of the City of Beaumont held on the 15th day of January, 2019, by the following vote:

AYES: White, Lara, Carroll, Santos, Martinez

NOES:

ABSENT:

ABSTAINED:

ATTEST:



Steven Mehlman, City Clerk

EXHIBIT A

DESCRIPTION OF THE PROPOSED COMMUNITY FACILITIES DISTRICT

The property in the City of Beaumont, County of Riverside, California, identified by the Fiscal Year 2019-20 Riverside County Assessor as Assessor Parcel Nos.:

419-020-064

408-201-009

EXHIBIT B

DESCRIPTION OF THE FACILITIES, SERVICES AND INCIDENTAL EXPENSES

TYPES OF PUBLIC FACILITIES

The types of Facilities that are proposed by CFD No. 2019-1 and financed with the proceeds of special taxes and bonds issued by CFD No. 2019-1 consist of infrastructure needed for new development, including but not limited to roadway, bridge, sewer, dry utilities, storm drain, curb and gutter, medians, traffic signals, parks, trails, police facilities, fire facilities, library facilities and public community facilities, and appurtenances and appurtenant work, and development impact fees that are used by the City to construct infrastructure including design, engineering and planning costs associated therewith. The Facilities are necessary for development of the property within the boundaries of CFD No. 2019-1.

The description of Facilities is general in nature. To the extent not already completed or under construction, the final nature and location of the Facilities will be determined upon preparation of final plans and specifications.

TYPES OF SERVICES

The types of Services that are proposed to be provided by CFD No. 2019-1 and funded with the proceeds of special taxes levied by CFD No. 2019-1 consist of services permitted to be financed under the Mello-Roos Community Facilities Act of 1982 including, without limitation, police and fire protection, ambulance and paramedic services, street sweeping, traffic signal maintenance and the maintenance of City-owned parks, parkways and open spaces, lighting, flood and storm protection services and the operation of storm drainage systems. All of the services to be financed must be in addition to those provided within the boundaries of CFD No. 2019-1 before CFD No. 2019-1 is created, and shall not supplant services already available within that territory when CFD No. 2019-1 is created.

TYPES OF INCIDENTAL EXPENSES

The Incidental Expenses to be paid from bond proceeds and/or special taxes include:

All costs associated with the creation of CFD No. 2019-1, the issuance of the Obligations, the determination of the amount of special taxes to be levied, costs incurred in order to carry out the authorized purposes of CFD No. 2019-1, including legal fees, fees of consultants, engineering, planning, designing and the annual costs to administer CFD No. 2019-1 and any Obligations.

EXHIBIT C

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2019-1 (SUNDANCE) OF THE CITY OF BEAUMONT

The following sets forth the Rate and Method of Apportionment for the levy and collection of the Special Tax for Maintenance Services, Special Tax for Public Services and the Special Tax for Facilities in Community Facilities District No. 2019-1 (Sundance) ("CFD No. 2019-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2019-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Communities Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2019-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2019-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2019-1 or any designee thereof of complying with City or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with the release of funds from an escrow account; the costs associated with the issuance of Bonds, and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2019-1 for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2019-1.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assigned Special Tax" means the Special Tax of that name described in Section D below.

"Backup Special Tax for Facilities" means the Special Tax of that name described in Section E below.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

"Boundary Map" means a recorded map of CFD No. 2019-1 which indicates the boundaries of CFD No. 2019-1.

"Building Permit" means a permit for new construction for a residential dwelling or non-residential structure. For purpose of this definition, "Building Permit" shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Building Square Footage" or "BSF" means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor's Parcel, as determined by the CFD Administrator.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities, the Special Tax Requirement for Maintenance Services, the Special Tax Requirement for Public Services, and providing for the levy and collection of the Special Taxes.

"CFD No. 2019-1" or "CFD" means City of Beaumont Community Facilities District No. 2019-1 (Sundance) established by the City under the Act.

"City" means the City of Beaumont.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 2019-1, or its designee.

"Consumer Price Index" means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

"County" means the County of Riverside.

"Developed Property" means all Parcels of Taxable Property that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied and for which a Building Permit for new construction has been issued on or prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

" Dwelling Unit " means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

" Exempt Property " means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section J, as determined by the CFD Administrator.

" Final Map " means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or the recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which building permits may be issued without further subdivision.

" Final Map Property " means Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

" Fiscal Year " means the period commencing on July 1 of any year and ending the following June 30.

" Indenture " means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

" Land Use Category " means any of the categories listed in the tables included in Section D.

" Lot " means an individual legal lot created by a Final Map for which a Building Permit could be issued.

" Maintenance Services " means the services permitted under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance, landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2019-1 and the City.

" Maximum Special Tax " means the Maximum Special Tax for Facilities, the Maximum Special Tax for Maintenance Services, and the Maximum Special Tax for Public Services.

" Maximum Special Tax for Facilities " means the maximum Special Tax for Facilities, determined in accordance with Section C, which can be levied by CFD No. 2019-1 in any Fiscal Year on any Assessor's Parcel.

" Maximum Special Tax for Maintenance Services " means the maximum Special Tax for Maintenance Services, determined in accordance with Section C, which can be levied by CFD No. 2019-1 in any Fiscal Year on any Assessor's Parcel.

" Maximum Special Tax for Public Services " means the maximum Special Tax for Public Services, determined in accordance with Section C, which can be levied by CFD No. 2019-1 in any Fiscal Year on any Assessor's Parcel.

" Minimum Acreage " means the smallest allowable amount of taxable acreage. For CFD No. 2019-1, it shall not be less than 12.97 acres. The minimum acreage per Zone is as follows: (i) Zone 1 – 7.10 acres and (ii) Zone 2 – 5.87 acres.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for any type of non-residential use, as determined by the CFD Administrator.

"Operating Fund for Maintenance Services" means a fund that shall be maintained for CFD No. 2019-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services and the Administrative Expenses attributable to providing such Maintenance Services.

"Operating Fund for Public Services" means a fund that shall be maintained for CFD No. 2019-1 for any Fiscal Year to pay for the actual costs of providing the Public Services and the Administrative Expenses attributable to providing such Public Services.

"Operating Fund Balance" means the amount of funds in the applicable Operating Fund at the end of the preceding Fiscal Year.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Special Tax for the Facilities obligation for an Assessor's Parcel, as described in Section H.

"Prepayment Amount" means the amount required to prepay the Special Tax for the Facilities obligation in full for an Assessor's Parcel, as described in Section G.

"Property Owner Association" means a corporation formed by a real estate developer for the purpose of marketing, managing, and selling of homes and lots in a residential subdivision.

"Property Owner's Association Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association.

"Proportionately" means for Taxable Property that is (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Parcels of Developed Property, (ii) Final Map Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all Parcels of Final Map Property, and (iii) Undeveloped Property, Public Property and Property Owners' Association Property, that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is the same for all Parcels of Undeveloped Property, Public Property and Property Owners' Association Property.

"Public Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Public Services" means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2019-1 and the City.

"Residential Floor Area" means all the square footage of living area within the perimeter of a residential dwelling unit, not including any carport, walkway, garage, overhang, patio, enclosed patio,

or similar area. The CFD Administrator shall determine the Residential Floor Area based upon the Building Permit issued for such residential dwelling unit.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units, as determined by the CFD Administrator.

"Special Tax(es)" means the Special Tax for Facilities, the Special Tax for Maintenance Services, and the Special Tax for Public Services.

"Special Tax for Facilities" means any of the Special Taxes authorized to be levied within CFD No. 2019-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

"Special Tax for Maintenance Services" means any of the Special Taxes authorized to be levied by CFD No. 2019-1 pursuant to the Act to fund the Special Tax Requirement for Maintenance Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax for Public Services" means any of the Special Taxes authorized to be levied by CFD No. 2019-1 pursuant to the Act to fund the Special Tax Requirement for Public Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax Requirement for Facilities" means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2019-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond Indenture, fiscal agent agreement, or trust agreement.

"Special Tax Requirement for Maintenance Services" means that amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2019-1 for Maintenance Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Maintenance Services include funds for bonds.

"Special Tax Requirement for Public Services" means the amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2019-1 for Public Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Public Services (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Public Services include funds for bonds.

"Taxable Property" means all Assessor's Parcels within CFD No. 2019-1, which are not Exempt Property, as determined by the CFD Administrator.

"Trustee" means the firm that holds and administers assets on behalf of CFD No. 2019-1 under and pursuant to the Indenture.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

"Zone(s)" means Zone 1 or 2 as geographically identified in Exhibit B attached herein.

"Zone 1" means the specific geographic area as depicted in Exhibit B attached herein.

"Zone 2" means the specific geographic area as depicted in Exhibit B attached herein.

SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2019-20, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be assigned to one of the two Zones based upon its geographic location and further classified as Developed Property, Final Map Property or Undeveloped Property. In addition, each Assessor's Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, Assessor's Parcels of Residential Property shall be further categorized into Land Use Categories based on the Residential Floor Area for such Assessor's Parcel.

SECTION C MAXIMUM SPECIAL TAXES

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in the tables included in Section D below or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax in the tables included in Section D below.
- b. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2019-20 shall be \$230 per unit for Assessor's Parcels located in Zone 1 and \$444 per unit for Assessor's Parcels located in Zone 2. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in Fiscal Year 2019-20 shall be \$3,118 per Acre for Assessor's Parcels located in Zone 1 and \$2,600 per Acre for Assessor's Parcels located in Zone 2.

On each July 1, commencing July 1, 2020, the Maximum Special Tax for Maintenance Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) two percent (2%).

- c. The Maximum Special Tax for Public Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2019-20 shall be \$462 per unit.

On each July 1, commencing July 1, 2020, the Maximum Special Tax for Public Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) five percent (5%).

2. Final Map Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Final Map Property shall be the Assigned Special Tax for the Zone in which the Assessor's Parcel is located as set forth in Section D below.
- b. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Residential Property that is classified as Final Map Property in Fiscal Year 2019-20 shall be \$3,118 per Acre for Assessor's Parcels located in Zone 1 and \$2,600 per Acre for Assessor's Parcels located in Zone 2.

On each July 1, commencing July 1, 2020, the Maximum Special Tax for Maintenance Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) two percent (2%).

- c. Final Map Property shall not be subject to the Maximum Special Tax for Public Services.

3. Undeveloped Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax for the Zone in which the Assessor's Parcel is located as set forth in Section D below.
- b. Undeveloped Property shall not be subject to the Maximum Special Tax for Maintenance Services.
- c. Undeveloped Property shall not be subject to the Maximum Special Tax for Public Services.

**SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES**

1. Developed Property

Each Fiscal Year, beginning with Fiscal Year 2019-20, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 and Table 2 below based upon the Zone in which the Assessor's Parcel is located.

**TABLE 1
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 1**

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	< 1,800	\$1,270 per Dwelling Unit
Residential Property	1,800 – 2,000	\$1,360 per Dwelling Unit
Residential Property	>2,000	\$1,450 per Dwelling Unit
Non-Residential Property	N/A	\$18,601 per Acre

**TABLE 2
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 2**

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	< 2,000	\$1,310 per Dwelling Unit
Residential Property	2,000 – 2,249	\$1,375 per Dwelling Unit
Residential Property	2,250 – 2,500	\$1,440 per Dwelling Unit
Residential Property	>2,500	\$1,505 per Dwelling Unit
Non-Residential Property	N/A	\$8,277 per Acre

2. Final Map Property and Undeveloped Property

Each Fiscal Year, beginning with Fiscal Year 2019-20, each Assessor's Parcel of Final Map Property and Undeveloped Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Final Map Property and Undeveloped Property for any Fiscal Year shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

1. Zone 1 rate per Acre - \$18,601
2. Zone 2 rate per Acre - \$8,277

**SECTION E
BACKUP ANNUAL SPECIAL TAX FOR FACILITIES**

When a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Special Tax for a Parcel classified or to be classified as Residential Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax rate per Acre for the applicable Zone by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non-Residential Property, Public Property and/or Property Owners' Association Property that is not Exempt Property pursuant to Section J and dividing such amount by the number of Parcels within such Final Map classified as either (i) Developed Property or (ii) Final Map Property for which a Building Permit is expected to be issued for Residential Property (i.e., the number of residential lots).

Notwithstanding the forgoing, if Parcels classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Non-Residential Property, Public Property, or Property Owners' Association Property.

**SECTION F
METHOD OF APPORTIONMENT OF THE SPECIAL TAXES**

1. Commencing with Fiscal Year 2019-20 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Facilities on all Taxable Property until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in the table included in Section D as needed to satisfy the Special Tax Requirement for Facilities.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Annual Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property exempt from the Special Tax pursuant to Section J, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of

Developed Property whose Maximum Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Property Owner's Association Property and Public Property, found not to be exempt pursuant to Section J, at up to 100% of the Maximum Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

2. Commencing with Fiscal Year 2019-20 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Maintenance Services on all Taxable Property until the amount of Special Tax for Maintenance Services equals the Special Tax Requirement for Maintenance Services in accordance with the following steps:

Step One: The Special Tax for Maintenance Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Maintenance Services as needed to satisfy the Special Tax Requirement for Maintenance Services.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Maintenance Services after the first step has been completed, the Special Tax for Maintenance Services shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax for Maintenance Services applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Maintenance Services.

3. Commencing with Fiscal Year 2019-20 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Public Services on all Taxable Property until the amount of the Special Tax for Public Services equals the Special Tax Requirement for Public Services in accordance with the following steps:

Step One: The Special Tax for Public Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Public Services as needed to satisfy the Special Tax Requirement for Public Services.

Under no circumstances will the Special Tax for Facilities, the Special Tax for Maintenance Services, or the Special Tax for Public Services levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within the CFD by more than ten percent (10%) of the Special Tax that would have been levied in that Fiscal Year, had there never been any such delinquencies or defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2019-1.

**SECTION G
PREPAYMENT OF SPECIAL TAX FOR FACILITIES**

The following additional definitions apply to this Section G:

“CFD Public Facilities” means \$2,000,000, or such lesser amount as determined by the CFD Administrator, expressed in 2018 dollars, which shall increase by the Construction Inflation Index on January 1, 2020, and on each January 1 thereafter, or such lower amount (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2019-1, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2019-1.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the city of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts that have been funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds issued and secured by the levy of Special Taxes for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes for Facilities.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued or an Assessor's Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2019-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor's Parcel. For an Assessor's Parcel classified as Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for the Outstanding Bonds.

8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
11. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to a Special Tax for Facilities obligation that is prepaid pursuant to this Section H, the City Council shall indicate in the records of CFD No. 2019-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION H PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

P_G = the Prepayment Amount calculated according to Section G.

F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of CFD No. 2019-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION I TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 2019-1 for uncollected Special Taxes for Facilities associated with the levy of such Special Taxes for Facilities, but no later than 2055-56 Fiscal Year. The Special Tax for Maintenance Services and the Special Tax for Public Services shall be levied as long as each is needed to meet the Special Tax Requirement for Maintenance Services and the Special Tax Requirement for Public Services, as determined at the sole discretion of the City Council.

SECTION J EXEMPTIONS

The City shall classify as Exempt Property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a Property Owner's Association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage per Zone. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage per Zone. Assessor's Parcels which cannot be classified as Exempt Property because such

classification would reduce the Acreage of the Taxable Property to less than the Minimum Acreage per Zone will continue to be classified as Taxable Property, and will continue to be subject to Special Taxes accordingly.

Tax-exempt status will be assigned by the CFD Administrator in chronological order. If an Assessor's Parcel's classification is changed after the initial status is assigned, then its tax-exempt status will be revoked.

SECTION K APPEALS

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of the available funds of CFD No. 2019-1; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within CFD No. 2019-1 in the amount of the overpayment provided that the CFD Administrator can certify there are sufficient Special Taxes to pay for the Special Tax Requirements for Facilities.

SECTION L MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2019-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

SECTION M INTERPRETATIONS

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.

**WAIVER OF CERTAIN ELECTION PROCEDURES
WITH RESPECT TO LANDOWNER ELECTION FOR
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2019-1**

The undersigned, a duly authorized representative of Pardee Homes (the "Owner"), hereby certifies to the City of Beaumont (the "City") in connection with the election being conducted by the City on the three propositions shown in Exhibit A hereto (the "Election") as follows:

1. The undersigned has been duly authorized by the Owner and possesses all authority necessary to execute this Waiver on behalf of the Owner in connection with an election to be held by the City Council of the City (the "City Council") with respect to the City of Beaumont Community Facilities District No. 2019-1 (the "Community Facilities District"). The Owner hereby appoints Mike Taylor as its authorized representative to vote in the Election and certifies that his true and exact signature is set forth below:

Signature of Authorized Voter: _____

2. The Owner is the present owner of approximately 12.97 acres of land located within the Community Facilities District subject to the special tax.

3. Not less than 15 days prior to February 19, 2019, the Owner received notice that on February 19, 2019, a public hearing was to be held on the formation of the Community Facilities District and the authorization of bonds. The Owner agrees that it received adequate notice of the February 19, 2019 hearing.

4. The Owner has received from the City, and the City has made available to the Owner, necessary and relevant information regarding the formation of the Community Facilities District, the imposition of the special taxes on property within the Community Facilities District as set forth in Resolution No. 2019-1 and the proposed issuance of bonded indebtedness in an amount not to exceed \$4,000,000 secured by the special taxes specified in Resolution No. 2019-2, each adopted by the City Council with respect to the Community Facilities District to finance the public facilities, maintenance services, public services and incidental expenses set forth in Exhibit B to Resolution No. 2019-1. Attached hereto as Exhibit B is the proposed rate and method of apportionment of special tax for the Community Facilities District.

5. The undersigned understands that because there have been less than 12 registered voters within the Community Facilities District during the 90 days preceding the close of the hearing the vote at the Election is to be by the owners of property within the Community Facilities District. The undersigned further understands that the Election is being conducted less than 90 days after the close of the February 19, 2019 public hearing as set forth in Section 53326 of the Government Code of the State of California (the "Government Code"), without the preparation of an impartial analysis, arguments or rebuttals concerning the Election as provided for in Sections 9160 to 9167, inclusive, and 9195 of the Elections Code of the State of California (the "Elections Code") and without the preparation of a tax rate statement as provided in Section 9401 of the Elections Code and without further notice of such Election being published or mailed as required pursuant to the Elections Code. Having been fully advised with respect to the Election, in accordance with the authority contained in Government Code Sections 53326 and 53327, the Owner waives compliance with the foregoing

provisions of the Elections Code and Government Code, with any time limits or other procedural requirements pertaining to the conduct of the Election which are not being complied with and consents to having the election on any date on or after the close of the February 19, 2019 public hearing. The Owner hereby further waives the requirements of Election Code section 13119. The election shall close at 10:00 p.m. on February 19, 2019 or such earlier time as all ballots have been returned.

6. The undersigned hereby represents that compliance with the procedural requirements for conducting the Election, including the receipt of any ballot arguments and impartial analysis and the time limitations which apply in connection with scheduling, mailing and publishing notices for such an election, are unnecessary in light of the fact that the undersigned has received sufficient information regarding the imposition of the special taxes in the Community Facilities District and the issuance of debt for the Community Facilities District as set forth in Resolution Nos. 2019-1 and 2019-2 to properly complete the attached ballot. The Owner waives its right to make any protest or complaint or undertake any legal action challenging the validity of the Election, the validity of any bonded indebtedness issued by the Community Facilities District as approved at the Election, or the levy of the special taxes within the Community Facilities District in accordance with the rate and method of apportionment of special taxes attached to Resolution No. 2019-1 to finance facilities, maintenance services, public services and incidental expenses for the benefit of the Community Facilities District or to repay bonded indebtedness issued by the Community Facilities District.

7. This waiver may be executed in counterparts.

Dated: _____, 2019

PARDEE HOMES

By: _____
Name: Mike Taylor
Title: Division President

EXHIBIT A
SAMPLE BALLOT

CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2019-1
SPECIAL TAX AND SPECIAL BOND ELECTION

February 19, 2019

This ballot represents 13 votes.

To vote, write or stamp a cross (“+” or “X”) in the voting square after the word “YES” or after the word “NO”. All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the City Clerk of the City of Beaumont and obtain another.

PROPOSITION A: Shall City of Beaumont Community Facilities District No. 2019-1 (the “Community Facilities District”) incur an indebtedness and issue bonds for the Community Facilities District in the maximum principal amount of \$4,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2019-1 of the City Council of the City of Beaumont?

YES _____

NO _____

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in that Resolution entitled “Resolution of the City Council Establishing the City of Beaumont Community Facilities District No. 2019-1 Authorizing the Levy of Special Taxes and Calling an Election Therein” adopted by the City Council of the City of Beaumont for the Community Facilities District on February 19, 2019 be levied to pay for the Facilities, Incidental Expenses, Maintenance Services and Public Services and the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses and the other purposes described in Resolution No. 2019-1?

YES _____

NO _____

PROPOSITION C: For each year commencing with Fiscal Year 2018-19, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for the Community Facilities District be an amount equal to \$2,000,000?

YES _____

NO _____

EXHIBIT B

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2019-1 (SUNDANCE) OF THE CITY OF BEAUMONT

The following sets forth the Rate and Method of Apportionment for the levy and collection of the Special Tax for Maintenance Services, Special Tax for Public Services and the Special Tax for Facilities in Community Facilities District No. 2019-1 (Sundance) ("CFD No. 2019-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2019-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Communities Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2019-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2019-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2019-1 or any designee thereof of complying with City or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with the release of funds from an escrow account; the costs associated with the issuance of Bonds, and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2019-1 for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2019-1.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assigned Special Tax" means the Special Tax of that name described in Section D below.

"Backup Special Tax for Facilities" means the Special Tax of that name described in Section E below.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

"Boundary Map" means a recorded map of CFD No. 2019-1 which indicates the boundaries of CFD No. 2019-1.

"Building Permit" means a permit for new construction for a residential dwelling or non-residential structure. For purpose of this definition, "Building Permit" shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Building Square Footage" or "BSF" means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor's Parcel, as determined by the CFD Administrator.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities, the Special Tax Requirement for Maintenance Services, the Special Tax Requirement for Public Services, and providing for the levy and collection of the Special Taxes.

"CFD No. 2019-1" or "CFD" means City of Beaumont Community Facilities District No. 2019-1 (Sundance) established by the City under the Act.

"City" means the City of Beaumont.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 2019-1, or its designee.

"Consumer Price Index" means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

"County" means the County of Riverside.

"Developed Property" means all Parcels of Taxable Property that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied and for which a Building Permit for new construction has been issued on or prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

" Dwelling Unit " means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

" Exempt Property " means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section J, as determined by the CFD Administrator.

" Final Map " means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or the recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which building permits may be issued without further subdivision.

" Final Map Property " means Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

" Fiscal Year " means the period commencing on July 1 of any year and ending the following June 30.

" Indenture " means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

" Land Use Category " means any of the categories listed in the tables included in Section D.

" Lot " means an individual legal lot created by a Final Map for which a Building Permit could be issued.

" Maintenance Services " means the services permitted under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance, landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2019-1 and the City.

" Maximum Special Tax " means the Maximum Special Tax for Facilities, the Maximum Special Tax for Maintenance Services, and the Maximum Special Tax for Public Services.

" Maximum Special Tax for Facilities " means the maximum Special Tax for Facilities, determined in accordance with Section C, which can be levied by CFD No. 2019-1 in any Fiscal Year on any Assessor's Parcel.

" Maximum Special Tax for Maintenance Services " means the maximum Special Tax for Maintenance Services, determined in accordance with Section C, which can be levied by CFD No. 2019-1 in any Fiscal Year on any Assessor's Parcel.

" Maximum Special Tax for Public Services " means the maximum Special Tax for Public Services, determined in accordance with Section C, which can be levied by CFD No. 2019-1 in any Fiscal Year on any Assessor's Parcel.

"Minimum Acreage" means the smallest allowable amount of taxable acreage. For CFD No. 2019-1, it shall not be less than 12.97 acres. The minimum acreage per Zone is as follows: (i) Zone 1 – 7.10 acres and (ii) Zone 2 – 5.87 acres.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for any type of non-residential use, as determined by the CFD Administrator.

"Operating Fund for Maintenance Services" means a fund that shall be maintained for CFD No. 2019-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services and the Administrative Expenses attributable to providing such Maintenance Services.

"Operating Fund for Public Services" means a fund that shall be maintained for CFD No. 2019-1 for any Fiscal Year to pay for the actual costs of providing the Public Services and the Administrative Expenses attributable to providing such Public Services.

"Operating Fund Balance" means the amount of funds in the applicable Operating Fund at the end of the preceding Fiscal Year.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Special Tax for the Facilities obligation for an Assessor's Parcel, as described in Section H.

"Prepayment Amount" means the amount required to prepay the Special Tax for the Facilities obligation in full for an Assessor's Parcel, as described in Section G.

"Property Owner Association" means a corporation formed by a real estate developer for the purpose of marketing, managing, and selling of homes and lots in a residential subdivision.

"Property Owner's Association Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association.

"Proportionately" means for Taxable Property that is (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Parcels of Developed Property, (ii) Final Map Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all Parcels of Final Map Property, and (iii) Undeveloped Property, Public Property and Property Owners' Association Property, that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is the same for all Parcels of Undeveloped Property, Public Property and Property Owners' Association Property.

"Public Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Public Services" means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2019-1 and the City.

"Residential Floor Area" means all the square footage of living area within the perimeter of a residential dwelling unit, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The CFD Administrator shall determine the Residential Floor Area based upon the Building Permit issued for such residential dwelling unit.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units, as determined by the CFD Administrator.

"Special Tax(es)" means the Special Tax for Facilities, the Special Tax for Maintenance Services, and the Special Tax for Public Services.

"Special Tax for Facilities" means any of the Special Taxes authorized to be levied within CFD No. 2019-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

"Special Tax for Maintenance Services" means any of the Special Taxes authorized to be levied by CFD No. 2019-1 pursuant to the Act to fund the Special Tax Requirement for Maintenance Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax for Public Services" means any of the Special Taxes authorized to be levied by CFD No. 2019-1 pursuant to the Act to fund the Special Tax Requirement for Public Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax Requirement for Facilities" means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2019-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond Indenture, fiscal agent agreement, or trust agreement.

"Special Tax Requirement for Maintenance Services" means that amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2019-1 for Maintenance Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Maintenance Services include funds for bonds.

"Special Tax Requirement for Public Services" means the amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2019-1 for Public Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct

costs for Public Services (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Public Services include funds for bonds.

"Taxable Property" means all Assessor's Parcels within CFD No. 2019-1, which are not Exempt Property, as determined by the CFD Administrator.

"Trustee" means the firm that holds and administers assets on behalf of CFD No. 2019-1 under and pursuant to the Indenture.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

"Zone(s)" means Zone 1 or 2 as geographically identified in Exhibit B attached herein.

"Zone 1" means the specific geographic area as depicted in Exhibit B attached herein.

"Zone 2" means the specific geographic area as depicted in Exhibit B attached herein.

SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2019-20, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be assigned to one of the two Zones based upon its geographic location and further classified as Developed Property, Final Map Property or Undeveloped Property. In addition, each Assessor's Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, Assessor's Parcels of Residential Property shall be further categorized into Land Use Categories based on the Residential Floor Area for such Assessor's Parcel.

SECTION C MAXIMUM SPECIAL TAXES

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in the tables included in Section D below or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax in the tables included in Section D below.
- b. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2019-20 shall be \$230 per unit for Assessor's Parcels located in Zone 1 and \$444 per unit for Assessor's Parcels located in Zone 2. The Maximum Special Tax for Maintenance Services for each

Assessor's Parcel of Non-Residential Property that is classified as Developed Property in Fiscal Year 2019-20 shall be \$3,118 per Acre for Assessor's Parcels located in Zone 1 and \$2,600 per Acre for Assessor's Parcels located in Zone 2.

On each July 1, commencing July 1, 2020, the Maximum Special Tax for Maintenance Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) two percent (2%).

- c. The Maximum Special Tax for Public Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2019-20 shall be \$462 per unit.

On each July 1, commencing July 1, 2020, the Maximum Special Tax for Public Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) five percent (5%).

2. Final Map Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Final Map Property shall be the Assigned Special Tax for the Zone in which the Assessor's Parcel is located as set forth in Section D below.
- b. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Residential Property that is classified as Final Map Property in Fiscal Year 2019-20 shall be \$3,118 per Acre for Assessor's Parcels located in Zone 1 and \$2,600 per Acre for Assessor's Parcels located in Zone 2.

On each July 1, commencing July 1, 2020, the Maximum Special Tax for Maintenance Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) two percent (2%).

- c. Final Map Property shall not be subject to the Maximum Special Tax for Public Services.

3. Undeveloped Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax for the Zone in which the Assessor's Parcel is located as set forth in Section D below.
- b. Undeveloped Property shall not be subject to the Maximum Special Tax for Maintenance Services.
- c. Undeveloped Property shall not be subject to the Maximum Special Tax for Public Services.

**SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES**

1. Developed Property

Each Fiscal Year, beginning with Fiscal Year 2019-20, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 and Table 2 below based upon the Zone in which the Assessor's Parcel is located.

**TABLE 1
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 1**

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	< 1,800	\$1,270 per Dwelling Unit
Residential Property	1,800 – 2,000	\$1,360 per Dwelling Unit
Residential Property	>2,000	\$1,450 per Dwelling Unit
Non-Residential Property	N/A	\$18,601 per Acre

**TABLE 2
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 2**

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	< 2,000	\$1,310 per Dwelling Unit
Residential Property	2,000 – 2,249	\$1,375 per Dwelling Unit
Residential Property	2,250 – 2,500	\$1,440 per Dwelling Unit
Residential Property	>2,500	\$1,505 per Dwelling Unit
Non-Residential Property	N/A	\$8,277 per Acre

2. Final Map Property and Undeveloped Property

Each Fiscal Year, beginning with Fiscal Year 2019-20, each Assessor's Parcel of Final Map Property and Undeveloped Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Final Map Property and Undeveloped Property for any Fiscal Year shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

1. Zone 1 rate per Acre - \$18,601
2. Zone 2 rate per Acre - \$8,277

**SECTION E
BACKUP ANNUAL SPECIAL TAX FOR FACILITIES**

When a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Special Tax for a Parcel classified or to be classified as Residential Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax rate per Acre for the applicable Zone by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non-Residential Property, Public Property and/or Property Owners' Association Property that is not Exempt Property pursuant to Section J and dividing such amount by the number of Parcels within such Final Map classified as either (i) Developed Property or (ii) Final Map Property for which a Building Permit is expected to be issued for Residential Property (i.e., the number of residential lots).

Notwithstanding the forgoing, if Parcels classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Non-Residential Property, Public Property, or Property Owners' Association Property.

**SECTION F
METHOD OF APPORTIONMENT OF THE SPECIAL TAXES**

1. Commencing with Fiscal Year 2019-20 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Facilities on all Taxable Property until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in the table included in Section D as needed to satisfy the Special Tax Requirement for Facilities.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Annual Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property exempt from the Special Tax pursuant to Section J, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Maximum Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Property Owner's Association Property and Public Property, found not to be exempt pursuant to Section J, at up to 100% of the Maximum Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

2. Commencing with Fiscal Year 2019-20 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Maintenance Services on all Taxable Property until the amount of Special Tax for Maintenance Services equals the Special Tax Requirement for Maintenance Services in accordance with the following steps:

Step One: The Special Tax for Maintenance Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Maintenance Services as needed to satisfy the Special Tax Requirement for Maintenance Services.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Maintenance Services after the first step has been completed, the Special Tax for Maintenance Services shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax for Maintenance Services applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Maintenance Services.

3. Commencing with Fiscal Year 2019-20 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Public Services on all Taxable Property until the amount of the Special Tax for Public Services equals the Special Tax Requirement for Public Services in accordance with the following steps:

Step One: The Special Tax for Public Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Public Services as needed to satisfy the Special Tax Requirement for Public Services.

Under no circumstances will the Special Tax for Facilities, the Special Tax for Maintenance Services, or the Special Tax for Public Services levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within the CFD by more than ten percent (10%) of the Special Tax that would have been levied in that Fiscal Year, had there never been any such delinquencies or defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2019-1.

SECTION G
PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following additional definitions apply to this Section G:

“CFD Public Facilities” means \$2,000,000, or such lesser amount as determined by the CFD Administrator, expressed in 2018 dollars, which shall increase by the Construction Inflation Index on January 1, 2020, and on each January 1 thereafter, or such lower amount (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2019-1, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2019-1.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the city of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts that have been funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds issued and secured by the levy of Special Taxes for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes for Facilities.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued or an Assessor's Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2019-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor's Parcel. For an Assessor's Parcel classified as Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for

the Outstanding Bonds.

8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
11. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to a Special Tax for Facilities obligation that is prepaid pursuant to this Section H, the City Council shall indicate in the records of CFD No. 2019-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION H PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this

Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

P_G = the Prepayment Amount calculated according to Section G.

F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of CFD No. 2019-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION I TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 2019-1 for uncollected Special Taxes for Facilities associated with the levy of such Special Taxes for Facilities, but no later than 2055-56 Fiscal Year. The Special Tax for Maintenance Services and the Special Tax for Public Services shall be levied as long as each is needed to meet the Special Tax Requirement for Maintenance Services and the Special Tax Requirement for Public Services, as determined at the sole discretion of the City Council.

SECTION J EXEMPTIONS

The City shall classify as Exempt Property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a Property Owner's Association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no

such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage per Zone. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage per Zone. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of the Taxable Property to less than the Minimum Acreage per Zone will continue to be classified as Taxable Property, and will continue to be subject to Special Taxes accordingly.

Tax-exempt status will be assigned by the CFD Administrator in chronological order. If an Assessor's Parcel's classification is changed after the initial status is assigned, then its tax-exempt status will be revoked.

SECTION K APPEALS

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of the available funds of CFD No. 2019-1; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within CFD No. 2019-1 in the amount of the overpayment provided that the CFD Administrator can certify there are sufficient Special Taxes to pay for the Special Tax Requirements for Facilities.

SECTION L MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2019-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

SECTION M INTERPRETATIONS

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.

ACQUISITION AGREEMENT

by and among

CITY OF BEAUMONT,

CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2019-1

and

PARDEE HOMES

Dated as of _____ 1, 2019

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS.....	2
Section 1.1 Definitions.....	2
ARTICLE II FUNDING	4
Section 2.1 Issuance of Bonds.....	4
Section 2.2 Special Taxes and Bonds.....	5
Section 2.3 Net Proceeds.....	5
Section 2.4 Disclosure of Special Tax.....	5
ARTICLE III CONSTRUCTION AND ACQUISITION OF FACILITIES	6
Section 3.1 Duty of Owner to Construct.....	6
Section 3.2 Inspection.....	6
Section 3.3 Agreement to Sell and Acquire Facilities.....	6
Section 3.4 Payment Requests.....	6
Section 3.5 Payment.....	7
Section 3.6 Defective or Nonconforming Work.....	9
ARTICLE IV OWNERSHIP AND TRANSFER OF FACILITIES.....	9
Section 4.1 Facilities to be Owned by the City; Conveyance of Land and Easements to City.....	9
Section 4.2 Facilities to be Owned by the City; Title Evidence.....	9
Section 4.3 Facilities Constructed on Private Lands.....	9
Section 4.4 Facilities Constructed on City Land.....	10
Section 4.5 Maintenance and Warranties.....	10
ARTICLE V INSURANCE	10
Section 5.1 Insurance Requirements.....	10
Section 5.2 Standards Applicable.....	11
Section 5.3 Evidence of Insurance.....	12
ARTICLE VI REPRESENTATIONS, WARRANTIES AND COVENANTS.....	12
Section 6.1 Representations, Covenants and Warranties of the Owner.....	12
Section 6.2 Indemnification and Hold Harmless.....	13
ARTICLE VII TERMINATION.....	13
Section 7.1 Mutual Consent.....	13
Section 7.2 City Election to Terminate for Cause.....	14
Section 7.3 Force Majeure.....	15
ARTICLE VIII MISCELLANEOUS.....	15
Section 8.1 Limited Liability of City.....	15
Section 8.2 Excess Costs.....	15
Section 8.3 Review of Records.....	15
Section 8.4 Attorney's Fees.....	15
Section 8.5 Notices.....	15
Section 8.6 Severability.....	16

TABLE OF CONTENTS
(continued)

	Page
Section 8.7 Successors and Assigns.....	16
Section 8.8 Other Agreements.....	16
Section 8.9 Waiver.....	16
Section 8.10 Merger.....	17
Section 8.11 Parties in Interest.....	17
Section 8.12 Amendment.....	17
Section 8.13 Counterparts.....	17

List of Exhibits

- Exhibit A: Description of Authorized Facilities and Discrete Components Eligible for Acquisition from the Owner
- Exhibit B: Form of Payment Request (Facilities)
- Exhibit C: City CFD Policies

THIS ACQUISITION AGREEMENT (the "Acquisition Agreement"), dated as of _____ 1, 2019, is by and among the CITY OF BEAUMONT, a general law city (the "City"), the CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2019-1, a community facilities district created pursuant to the Act (defined herein) (the "District"), and PARDEE HOMES, a California corporation (the "Owner").

RECITALS

A. **The District.** The City Council of the City has established the District under the Act for the financing of, among other things, the acquisition, construction and installation of public facilities identified in the proceedings to form the District therein, which include the facilities listed in Exhibit A hereto (the "Facilities").

B. **The Development.** The land within the District is currently expected to be developed with 118 dwelling units as part of a master-planned community commonly known as "Sundance."

C. **The Facilities.** As part of the District formation proceedings, the Facilities were authorized to be acquired by the District, and the District proceedings contemplated that acquisition agreements would be entered into from time to time to describe the terms of such acquisition. The Facilities are within or serve the City and the City and the Owner will benefit from a coordinated plan of design, engineering and construction of the Facilities and the development of the land within the District. The facilities that are eligible for acquisition by the City from the Owner under this Acquisition Agreement are only the Facilities listed in Exhibit A hereto, as such Exhibit may be amended and/or supplemented by any Supplement approved by the City and Owner.

D. **The Financing.** In order to facilitate development within the District, the Owner, the District and the City wish to enter into this Acquisition Agreement to finance the acquisition of the Facilities, as defined below, and provide for the payment of the Facilities and Discrete Components thereof as shown in Exhibit A hereto (as it may be amended and supplemented by any Supplement).

E. **The Bonds.** The District may proceed with the authorization and issuance of the Bonds in one or more series under the Act and the Indenture, the proceeds of which Bonds shall be used, in part, to finance the Facilities.

F. **No Advantage to City Construction.** The City, by its approval of this Acquisition Agreement, has determined that it will obtain no advantage from undertaking the construction by the City directly of the Facilities and that the provisions of this Acquisition Agreement require that the Facilities constructed by the Owner and acquired with the funds in the Improvement Fund, as defined below, be constructed as if they had been constructed under the direction and supervision of the City. The Owner hereby represents that it has experience in the supervision of the construction of improvements of the character of the Facilities.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City, the District and the Owner agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. The following terms shall have the meanings ascribed to them in this Section 1.1 for purposes of this Acquisition Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

“Acceptable Title” means title to land or interest therein, in form acceptable to the Director, free and clear of all liens, taxes, assessments, leases, easements and encumbrances, whether or not recorded, but subject to any exceptions determined by the Director as not interfering with the actual or intended use of the land or interest therein. Notwithstanding the foregoing, an irrevocable offer of dedication may constitute land with an “Acceptable Title” if: (i) such offer is necessary to satisfy a condition to a tentative or final parcel map, (ii) such offer is in a form acceptable to the Director, (iii) the Director has no reason to believe that such offer of dedication will not be accepted by the applicable public agency, and (iv) the Owner commits in writing not to allow any liens to be imposed on such property prior to its acceptance.

“Acceptance Date” means the date the City Council (or other public entity which is to own a Facility) takes final action to accept dedication of or transfer of title to a Facility.

“Acquisition Agreement” means this Acquisition Agreement, together with any Supplement hereto.

“Act” means the Mello-Roos Community Facilities Act of 1982, Section 53311 et seq. of the California Government Code, as amended.

“Actual Cost” means the substantiated cost of a Facility or a Discrete Component, which costs may include: (i) the costs incurred for the construction of such Facility or Discrete Component, (ii) the costs incurred in preparing the Plans for such Facility or Discrete Component and the related costs of environmental evaluations of the Facility or Discrete Component, (iii) the fees paid to governmental agencies or utilities for obtaining permits, licenses or other governmental approvals for such Facility or Discrete Component, (iv) professional costs incurred that are associated with such Facility or Discrete Component, such as construction management and supervision (not to exceed 15% of the costs in (i) above), engineering, legal, accounting, inspection, construction staking, materials testing and similar professional services; and (v) the costs directly related to the construction and/or acquisition of a Facility or Discrete Component, such as costs of payment, performance and/or maintenance bonds, and insurance costs (including costs of any title insurance required hereunder) (but excluding the cost of real property unless paid to unrelated third parties).

“Affiliate” means any entity with respect to which fifty percent (50%) or more of the ownership or voting power is held individually or collectively by any of the Owner and any other entity owned, controlled or under common ownership or control by or with, as applicable, the Owner, and includes all general partners of any entity which is a partnership. Control shall mean ownership of fifty percent (50%) or more of the voting power of or ownership interest in the respective entity.

“Bonds” means the bonds to be issued by the District pursuant to the Act in one or more series.

“City” means the City of Beaumont, a general law city.

“Conditions of Approval” means, with respect to any portion of the property within the District, the conditions of approval of all land use entitlements approved by the City and the conditions of any development agreement, subdivision improvement agreement or other agreement between the Owner and the City relating to such property which conditions must be satisfied in order to develop such property.

“County” means the County of Riverside, California.

“Director” means the Director of Public Works of the City, or his or her written designee acting as such under this Acquisition Agreement.

“Discrete Component” means a component of a Facility that the Director has agreed can be separately identified, inspected and completed, and be the subject of a Payment Request hereunder. The Discrete Components are described in Exhibit A hereto.

“District” means the City of Beaumont Community Facilities District No. 2019-1, created by the City under the Act.

“Facilities” means the facilities described in Exhibit A hereto which are to be acquired with the proceeds of the Special Taxes and Bonds.

“Financing Policies” means the City of Beaumont’s Goals and Policies for Community Facilities Districts, as adopted May 8, 1995 by Resolution No. 1995-23, attached hereto as Exhibit C.

“Improvement Fund” means, (a) prior to the initial issuance of Bonds, the fund or account established by the City for the District, howsoever denominated, into which Net Proceeds of the Special Taxes are to be deposited, and (b) from and after the initial issuance of Bonds, the fund or account established under the Indenture for such Bonds, howsoever denominated, into which Net Proceeds of Bonds and Special Taxes are to be deposited.

“Indenture” means the bond indenture or similar document between the City and the Trustee for the District, providing for, among other matters, the issuance of the Bonds and the establishment of the Improvement Fund, as it may be amended from time to time.

“Net Proceeds” means (a) with respect to Special Taxes, the proceeds of such Special Taxes received prior to the initial issuance of Bonds and remaining after the payment or setting aside of, or provision for, administrative expenses of the District, and (b) with respect to Bonds, the proceeds of such Bonds remaining after the payment or setting aside of, or provisions for (i) the underwriter’s discount for such Bonds, (ii) the costs of issuance of such Bonds, including the costs of authorizing the Special Taxes and Bonds of the District incurred by the City and Owner, (iii) any required reserve fund deposit for such Bonds, (iv) capitalized interest on such Bonds, and (v) pre funded administrative expenses of the District.

“Owner” means Pardee Homes, a California corporation, and its successors or assigns to the extent permitted under Section 8.7 hereof.

“Payment Request” means a document, substantially in the form of Exhibit B hereto, to be used by the Owner in requesting payment of a Purchase Price.

“Plans” means the plans, specifications, schedules and related construction contracts for the Facilities and/or any Discrete Components thereof approved pursuant to the applicable standards of the City.

“Purchase Price” means the amount paid by the District for a Facility and/or any Discrete Components thereof determined in accordance with Article III hereof, being an amount equal to the Actual Cost of such Facility or Discrete Component, but subject to the limitations and reductions provided for in Article III.

“Rate and Method” means the rate and method of apportionment of the special taxes of the District approved by the qualified electors of the District.

“Special Taxes” means the special taxes for facilities in the District levied in accordance with the Rate and Method.

“Supplement” means a written document amending, supplementing or otherwise modifying this Acquisition Agreement and any exhibit hereto, including any amendments to the list of Discrete Components in Exhibit A, and/or the addition to Exhibit A of additional Facilities (and Discrete Components) to be financed with the proceeds of the Bonds deposited in the Improvement Fund eligible to be financed by the District.

“Trustee” means a financial institution in its capacity as trustee or fiscal agent under the Indenture, or any successor thereto acting as trustee or fiscal agent under the Indenture.

**ARTICLE II
FUNDING**

Section 2.1 Issuance of Bonds. Upon the written request of the Owner or City, the Owner and the City staff shall meet regarding the amount, timing and other material aspects of each series of the Bonds. The legal proceedings for the issuance of the Bonds and the series, principal amounts, rates, terms, conditions and timing of the sale of the Bonds shall be in all respects be solely determined by the City Council of the City, acting as the governing body of the District, in accordance with this Acquisition Agreement; provided that, subject to satisfaction of the applicable Financing Policies, sound municipal financing practices and the requirements of this Acquisition Agreement, as soon as possible following the execution of this Acquisition Agreement the City shall use commercially reasonable efforts to cause the District to issue and sell the Bonds in an amount sufficient to fund the Facilities. For purposes of sizing each series of Bonds, the priority annual administrative expense shall be \$30,000 for the District.

Prior to the Bonds being issued for the District, the Owner will be required to provide all information regarding the development of its property within the District, including the financing plan for such development, which is necessary to ensure that the official statement for such Bonds complies with the requirements of all applicable federal and state securities laws, including without limitation Rule 15c2-12 and Rule 10(b)-5 of the Securities and Exchange Commission (the “Commission”). Moreover, each property owner which is responsible for twenty percent (20%) or more of the maximum special tax within the District at the time each series of Bonds are issued (each a “Major Landowner”) will be required to enter into a continuing disclosure agreement to provide such continuing disclosure pertaining to the development of the land owned by such Major

Landowner in the District as necessary to assist the underwriter of the series of Bonds in complying with the continuing disclosure requirements of Rule 15c2-12 of the Commission and/or in marketing the Bonds. Each Major Landowner shall be required to execute a certificate in connection with each public sale of Bonds pursuant to which the Major Landowner shall indemnify and hold harmless City from claims arising from, or based upon, any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact in the above-referenced information.

Section 2.2 Special Taxes and Bonds. Prior to the issuance of the first series of Bonds for the District, the “Assigned Special Tax” has been and shall continue to be levied in each fiscal year on parcels classified as “Developed Property” pursuant to and as defined in the Rate and Method. The Net Proceeds of such Special Taxes have been and shall continue to be deposited in the Improvement Fund. In addition, the proceeds of each full or partial prepayment of Special Taxes attributable to eligible facilities prior to the issuance of Bonds shall be deposited in the Improvement Fund. The City, the District and the Owner are entering into this Acquisition Agreement and authorized the levy of the Special Taxes for the purpose of creating and allocating certain streams of revenues that are or will be available to pay directly or reimburse the costs of acquisition and construction of the Facilities and to pay debt service on Bonds and other indebtedness of the District. The District hereby irrevocably pledges the Net Proceeds of Special Taxes to the Owner for the reimbursement of costs of the Facilities, subordinate only to the payment of debt service on Bonds issued to fund such costs. Following the issuance of the Bonds, the District shall have no obligation to levy Special Taxes to pay directly for the costs of reimbursing or paying the Developer for the Facilities. The Owner, the City and the District hereby acknowledge and agree that any reduction or termination of the Special Taxes by exercise of the initiative power or the exercise of discretion of the City or the District would constitute a substantial impairment of revenue stream of Special Taxes that the Owner, the City and the District intend to create for the purpose of providing an assured source of funding for such costs.

Section 2.3 Net Proceeds. The proceeds of the Bonds shall be deposited, held, invested, reinvested and disbursed as provided in the Indenture. The Net Proceeds of the Bonds will be set aside under the Indenture in the Improvement Fund. Moneys in the Improvement Fund shall be withdrawn therefrom in accordance with the provisions of the Indenture and the applicable provisions hereof for payment of all or a portion of the costs of construction and/or acquisition of the Facilities (including payment of the Purchase Price of Discrete Components thereof) all as herein provided. Funds in the Improvement Fund shall be reserved and disbursed in accordance with this Acquisition Agreement.

The Owner acknowledges that any lack of availability of amounts in the Improvement Fund to pay the Purchase Price of Facilities or any Discrete Components thereof shall in no way diminish any obligation of the Owner with respect to the construction of or contributions for public facilities and mitigation measures required by the Conditions of Approval or any subdivision, development or other agreement to which the Owner is a party, or any governmental approval to which the Owner or any land within the District are subject.

Section 2.4 Disclosure of Special Tax. Copies of the executed “Notice of Special Tax” required by California Government Code Section 53341.5 provided to the purchaser of real property within the District shall be provided to the City Director of Finance. The Director of Finance’s receipt of such “Notice of Special Tax” shall not be construed as City or District approval of the form of Notice or in any way make the City or District liable for deficiencies in such “Notice of Special Tax.” Owner agrees to retain copies of the Notice of Special Tax it has provided to homebuyers

within the District for a period of three (3) years and to provide them to the City upon City's written request.

ARTICLE III

CONSTRUCTION AND ACQUISITION OF FACILITIES

Section 3.1 Duty of Owner to Construct. All Facilities and Discrete Components thereof to be acquired hereunder shall have been constructed at the direction of the Owner in accordance with the approved Plans following the solicitation of competitive bids. The Owner shall have employed at all times adequate staff or consultants with the requisite experience necessary to bid, administer and coordinate all work related to the design, engineering, acquisition, construction and installation of the Facilities to be acquired by the City from the Owner hereunder.

Section 3.2 Inspection. No payment hereunder shall be made by the City to the Owner for a Facility or Discrete Component thereof until the Facility or Discrete Component thereof has been inspected and found to be completed in accordance with the Plans by the City or other applicable public entity or utility. However, due to the age of some of the Facilities it is understood that normal wear and tear and aging may have occurred which shall not be a basis for denial. The City shall make or cause to be made periodic site inspections of the Facilities or Discrete Components to be acquired hereunder on a timely basis; provided that in no event shall the City incur any liability for any delay in the inspection of any Facilities or Discrete Components. For Facilities to be acquired by other public entities or utilities, the Owner shall be responsible for obtaining such inspections and providing written evidence thereof to the Director. The Owner agrees to pay all inspection, permit and other similar fees of the City applicable to construction of the Facilities.

Section 3.3 Agreement to Sell and Acquire Facilities. The Owner hereby agrees to sell the Facilities and Discrete Components listed in Exhibit A hereto to the City and the City hereby agrees to use amounts in the Improvement Fund to pay the Purchase Price of each of such Facilities and Discrete Components to the Owner, subject to the terms and conditions hereof. The City shall not be obligated to acquire any Facility or Discrete Component until the Facility or Discrete Component is completed and the Acceptance Date for such Facility or Discrete Component has occurred; provided that the City has agreed hereunder to make payments to the Owner for certain Discrete Components of Facilities as shown in Exhibit A hereto. The Owner acknowledges that the Discrete Components have been identified for payment purposes only, and that the City shall not accept a Facility of which a Discrete Component is a part until the entire Facility has been completed. The City acknowledges that the Discrete Components do not have to be accepted by the City as a condition precedent to the payment of the Purchase Price therefor, but any such payment shall not be made until the Discrete Component has been completed in accordance with the Plans therefor, as determined by the Director. In any event, the City shall not be obligated to pay the Purchase Price for any Facility or Discrete Component except from the moneys in the Improvement Fund.

Section 3.4 Payment Requests. In order to receive the Purchase Price for a completed Facility or Discrete Component, inspection thereof under Section 3.1 shall have been made and the Owner shall deliver to the Director: (i) a Payment Request in the form of Exhibit B hereto for such Facility or Discrete Component, together with all attachments and exhibits required by Exhibit B and this Section 3.3 to be included therewith (including, but not limited to Attachments 1 and 2 to Exhibit B), and (ii) if payment is requested for a completed Facility, (a) if the property on which the

Facility is located is not owned by the City at the time of the request, a copy of the recorded documents conveying to the City Acceptable Title to the real property on, in or over which such Facility is located, as described in Section 4.1 hereof, (b) to the extent paid for with the proceeds of the Bonds, an assignment to the District of any reimbursements that may be payable with respect to the Facility, such as public or private utility reimbursements, and (c) an assignment of warranties and guaranties for such Facility, as described in Section 4.5 hereof, in a form acceptable to the City.

Upon receipt of a Payment Request (and all accompanying documentation), the Director shall conduct a review in order to confirm that such request is complete, that such Discrete Component or Facility identified therein was constructed in accordance with the Plans therefor, and to verify and approve the Actual Cost of such Discrete Component or Facility specified in such Payment Request. The Director shall also conduct such review as is required in his discretion to confirm the matters certified in the Payment Request. The Owner agrees to cooperate with the Director in conducting each such review and to provide the Director with such additional information and documentation as is reasonably necessary for the Director to conclude each such review. For any Facilities to be acquired by another public entity or utility, the Owner shall provide evidence acceptable to the Director that such Facilities are acceptable to such entity or utility. Within fifteen (15) business days of receipt of any Payment Request, the Director expects to review the request for completeness and notify the Owner whether such Payment Request is complete, and, if not, what additional documentation must be provided. If such Payment Request is complete, the Director expects to provide a written approval or denial (specifying the reason for any denial) of the request within thirty (30) calendar days of its submittal. However, the Facilities documentation will be delivered by Owner to City in large quantities which may be beyond the ability of City to process, in accordance with the forgoing timeframes. At the request of City or Owner, City may engage an outside contractor to review and process the Facilities documentation on behalf of the City the cost of which shall be borne by Owner subject to a written agreement executed by City and Owner. If a Payment Request seeking reimbursement for more than one Facility or Discrete Component is denied, the Director shall state whether the Payment Request is nevertheless approved and complete for any one or more Facilities or Discrete Components and any such Facilities or Discrete Components shall be processed for payment under Section 3.4 notwithstanding such partial denial. The City's and District's Costs associated with the acquisition of Facilities and processing of Payment Requests shall be reimbursed from the Improvement Fund or from amounts advanced by the Owner to the extent insufficient funds are on deposit in the Improvement Fund, which advances may be later reimbursed to the Owner out of the Improvement Fund.

Section 3.5 Payment. Upon approval of the Payment Request by the Director, the Director shall sign the Payment Request and forward the same to the City Director of Finance. Upon receipt of the reviewed and fully signed Payment Request, the City Director of Finance shall, within the then current City financial accounting payment cycle but in any event within fifteen (15) business days of receipt of the approved Payment Request, cause the same to be paid by the Trustee under the applicable provisions of the Indenture, to the extent of funds then on deposit in the Improvement Fund. Any approved Payment Request not paid due to an insufficiency of funds in the Improvement Fund, shall be paid promptly following the deposit into the Improvement Fund of proceeds of any investment earnings or other amounts transferred to the Improvement Fund under the terms of the Indenture.

The Purchase Price paid hereunder for any Facility or Discrete Component shall constitute payment in full for such Facility or Discrete Component, including, without limitation, payment for all labor, materials, equipment, tools and services used or incorporated in the work, supervision,

administration, overhead, expenses and any and all other things required, furnished or incurred for completion of such Facility or Discrete Component, as specified in the Plans.

The City shall withhold payment for any Discrete Component or Facility constructed on land not already owned by the City or other public entity, until Acceptable Title to such land is conveyed to the City or other public entity that will own the respective Facility, as described in Article IV hereof.

The City shall be entitled to withhold any payment hereunder for a Facility or Discrete Component that is the subject of a Payment Request until it is satisfied that any and all claims for labor and materials have been paid by the Owner for the Facility or Discrete Component that is the subject of a Payment Request, or conditional lien releases (and/or unconditional lien releases) have been provided by the Owner for such Facility or Discrete Component. The City, in its discretion, may waive this limitation upon the provision by the Owner of sureties, undertakings, securities and/or bonds of the Owner or appropriate contractors or subcontractors and deemed satisfactory by the Director to assure payment of such claims.

The City shall be entitled to withhold payment for any Facility (or final Discrete Component) hereunder to be owned by the City until: (i) the Director determines that the Facility is ready for its intended use, and (ii) the Acceptance Date for the Facility has occurred and the requirements of Section 4.1, if applicable to such Facility, have been satisfied. The City hereby agrees that the Owner shall have the right to post or cause the appropriate contractor or subcontractor to post a bond with the City to indemnify it for any losses sustained by the City because of any liens that may exist at the time of acceptance of such a Facility, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the Director. The City shall be entitled to withhold payment for any Facility (or the final Discrete Component of any such Facility) to be owned by other governmental entities, until the Owner provides the Director with evidence that the governmental entity has accepted dedication of and/or title to the Facility. If the Director determines that a Facility is not ready for intended use under (i) above, the Director shall so notify the Owner as soon as reasonably practicable in writing specifying the reason(s) therefor.

Nothing in this Acquisition Agreement shall be deemed to prohibit the Owner from contesting in good faith the validity or amount of any mechanics or materialman's lien nor limit the remedies available to the Owner with respect thereto so long as such delay in performance shall not subject the Facilities or any Discrete Component thereof to foreclosure, forfeiture or sale. In the event that any such lien is contested, the Owner shall only be required to post or cause the delivery of a bond in an amount equal to the amount in dispute with respect to any such contested lien sufficient to cause the release of such lien, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the Director.

Subject to the last paragraph of this Section 3.5, the City shall withhold in the Improvement Fund an amount equal to ten percent (10%) of the Purchase Price of each Discrete Component to be paid hereunder other than the final Discrete Component of any Facility. Any such retention will be released to the Owner upon final completion and acceptance of the related Facility.

Notwithstanding the foregoing, the Owner shall be entitled to payment of any such retention upon the completion and acceptance of a Discrete Component, if securities meeting the requirements of the California Public Contracts Code are deposited in lieu thereof. Payment of any retention shall also be contingent upon the availability of monies in the Improvement Fund therefore. No retention

shall apply if the Owner proves to the Director's satisfaction that the Owner's contracts for the Discrete Components provide for the same retention as herein provided, so that the Purchase Price paid for the Discrete Component is at all times net of the required retention.

Section 3.6 Defective or Nonconforming Work. If any of the work done or materials furnished for a Facility or Discrete Component are found by the Director to be defective or not in accordance with the applicable Plans: (i) and such finding is made prior to payment for the Purchase Price of such Facility or Discrete Component hereunder, the City may withhold payment therefor until such defect or nonconformance is corrected to the satisfaction of the Director, or (ii) and such finding is made after payment of the Purchase Price of such Facility or Discrete Component, the City and the Owner shall act in accordance with the City's standard specification for public works construction.

ARTICLE IV

OWNERSHIP AND TRANSFER OF FACILITIES

Section 4.1 Facilities to be Owned by the City; Conveyance of Land and Easements to City. Acceptable Title to all property on, in or over which each Facility to be acquired by the City will be located, shall be deeded over to the City by way of grant deed, or dedication of such property, or easement thereon, if such conveyance of interest is approved by the City as being a sufficient interest therein to permit the City to properly own, operate and maintain such Facility located therein, thereon or thereover, and to permit the Owner to perform its obligations as set forth in this Acquisition Agreement. The Owner agrees to assist the City in obtaining such documents as are required to obtain Acceptable Title. Completion of the transfer of title to land shall be accomplished prior to the payment of the Purchase Price for a Facility (or the last Discrete Component thereof) and shall be evidenced by recordation of the acceptance thereof by the City Council or the designee thereof.

Section 4.2 Facilities to be Owned by the City; Title Evidence. The Owner shall furnish to the City a preliminary title report for land with respect to Facilities to be acquired by the City and not previously dedicated or otherwise conveyed to the City, for review and approval at least thirty (30) business days prior to the transfer of the Acceptable Title to a Facility to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the judgment of the City, could materially affect the City's use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to the land with respect to such Facility or pay the Purchase Price for such Facility (or the last Discrete Component thereof) until the Owner has cured such objections to title to the reasonable satisfaction of the City and caused a standard title insurance policy to be issued to the City with respect to such land in the amount of the Purchase Price. In the event the Owner cannot cure such objections to title, City agrees to consider the use of eminent domain pursuant to Section 4.3 hereof for such purpose.

Section 4.3 Facilities Constructed on Private Lands. If any Facilities to be acquired are located on privately-owned land, the owner thereof shall retain title to the land and the completed Facilities until acquisition of the Facilities under Article III hereof. Pending the completion of such transfer, the Owner shall not be entitled to receive any payment for any such Facility or the last Discrete Component thereof. The Owner shall, however, be entitled to receive payment for Discrete Components (other than the last Discrete Component) upon making an irrevocable offer of

dedication of such land in form and substance acceptable to the Director. Notwithstanding the foregoing, upon written request of the City before payment for any Discrete Component of such a Facility, the Owner shall convey or cause to be conveyed Acceptable Title thereto in the manner described in Sections 4.1 and 4.2 hereof.

It shall be the responsibility of the Owner to acquire all property rights on property which is not owned by the City or the Owner which is necessary for the construction of any of the Facilities. In the event, despite its exercise of best efforts to do so, the Owner is unable to acquire such property rights, the City shall in good faith consider the undertaking of proceedings to acquire such property rights through its exercise of the power of eminent domain, and the costs of such proceedings and acquisition shall be the responsibility of the Owner and shall comprise part of the Purchase Price of the related Facility.

Section 4.4 Facilities Constructed on City Land. If the Facilities to be acquired are on land owned by the City, including land as to which the City has acquired sufficient property rights in the manner described in Section 4.3 or otherwise, the City hereby grants to the Owner a license to enter upon such land for purposes related to the construction (and maintenance pending acquisition) of the Facilities. The provisions for inspection and acceptance of such Facilities otherwise provided herein shall apply.

Section 4.5 Maintenance and Warranties. The Owner shall maintain or cause to be maintained each Discrete Component in good and safe condition until the Acceptance Date of the Facility of which such Discrete Component is a part. Prior to the Acceptance Date, the Owner shall be responsible for performing any required maintenance on any completed Discrete Component or Facility. On or before the Acceptance Date of the Facility, the Owner shall assign to the City all of the Owner's rights in any warranties, guarantees, maintenance obligations or other evidence of contingent obligations of third persons with respect to such Facility. For each Facility to be owned by the City, the Owner shall provide a warranty bond reasonably acceptable in form and substance to the Director to remain in effect for a period of one year from the date of acceptance of each Facility. The City shall be responsible for maintenance of each Facility from and after the Acceptance Date thereof, except that with respect to landscaping improvements, the Owner shall maintain or cause to be maintained such landscape improvements for a period of one year following the Acceptance Date thereof or shall provide a bond reasonably acceptable in form and substance to the Director for such period and for such purpose (for landscaping improvements only, and for the posting of a warranty bond to remain in effect for one year as to other Facilities), to insure that defects, which appear within said period will be repaired, replaced, or corrected by the Owner, at its own cost and expense, to the satisfaction of the Director. The Owner shall commence to repair, replace or correct any such defects within thirty (30) days after written notice thereof by the City to the Owner, and shall complete such repairs, replacement or correction as soon as practicable. Any warranties, guarantees or other evidences of contingent obligations of third persons with respect to the Facilities to be acquired by the City shall be delivered to the Director as part of the transfer of title.

ARTICLE V INSURANCE

Section 5.1 Insurance Requirements. The Owner shall, at all times prior to the final Acceptance Date of all Facilities, maintain and deliver to the City evidence of and keep in full force and effect, not less than the following coverage and limits of insurance, which shall be maintained

with insurers and under forms of policies satisfactory to the Director: (i) Workers Compensation and Employer's Liability - Workers' Compensation - coverage as required by law; Employer's Liability - limits of at least \$1,000,000.00 per occurrence; (ii) Comprehensive General Liability - Combined Single Limit - \$2,000,000.00; (iii) Automobile Liability - Combined Single Limit - \$1,000,000.00; and (iv) Errors and Omissions Insurance - Combined Single Limit - \$2,000,000.00.

All of the Owner's insurance policies shall contain an endorsement providing that written notice shall be given to the City at least 30 calendar days prior to termination or cancellation of coverage of the policy.

The Comprehensive General Liability and Bodily Injury and Property Damage Liability policies shall contain the following:

(a) An endorsement extending coverage to the City and its agents as an additional insured, as respects liabilities arising out of the performance of any work related to the Facilities. Which insurance shall be primary insurance as respects the interest of the City, and any other insurance maintained by the City shall be excess and not contributing insurance with the insurance required hereunder.

(b) Severability of interest clause.

(c) Provision or endorsement stating that such insurance, subject to all of its other terms and conditions, applies to contractual liability assumed by the Owner.

Promptly on execution of this Acquisition Agreement by the Owner, the Owner shall deliver to the Director copies of all required certificates of insurance and endorsements thereto on forms which are acceptable to the Director and the City Attorney.

The Owner shall require and verify similar insurance on the part of its contractors and subcontractors.

The foregoing requirements as to the types, limits and City approval of insurance coverage to be maintained by the Owner are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by the Owner under this Acquisition Agreement.

Any policy or policies of insurance that the Owner or its contractors or subcontractors elect to carry as insurance (i) against loss or damage to their construction equipment and tools or other personal property used in fulfillment of this Acquisition Agreement or a contract related to the Facilities shall include a provision waiving the insurer's right of subrogation against the City, and (ii) in fulfillment of this Acquisition Agreement involving a dual obligee bond may contain a clause to the effect that: "provided that Principal and Surety shall not be liable to the Obligees or any of them unless the Obligees or any of them have performed the obligations to the Principal in accordance with the terms of said contract; and provided, further, that Principal and Surety shall not be liable to all Obligees in the aggregate in excess of the penal sum above stated."

Section 5.2 Standards Applicable. The Owner may effect such coverage under blanket insurance policies, provided, however, that (i) such policies are written on a per occurrence basis, (ii) such policies comply in all other respects with the provisions of Section 5.1, and (iii) the protection afforded the City under any such policy shall be no less than that which would be

available under a separate, policy relating only to this Acquisition Agreement. All policies of insurance shall be with companies licensed or approved by the State of California Insurance Commissioner and rated (i) A or better with respect to primary levels of coverage, and (ii) B+12 or better with respect to excess levels of coverage, in the most recent edition of Best's Insurance Guide and shall be issued and delivered in accordance with State law and regulations.

Section 5.3 Evidence of Insurance. Prior to the Acceptance Date, the Owner shall furnish to the City, from time to time upon request of the Director, a certificate of insurance regarding each insurance policy required to be maintained by the Owner hereunder.

ARTICLE VI

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 6.1 Representations, Covenants and Warranties of the Owner. The Owner represents and warrants for the benefit of the City, as follows:

(a) Organization. Owner is a California corporation and is validly doing business and in good standing in the State of California, is in compliance with all applicable laws of the State, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) Authority. The Owner has the power and authority to enter into this Acquisition Agreement, and has taken all action necessary to cause this Acquisition Agreement to be executed and delivered, and this Acquisition Agreement has been duly and validly executed and delivered by the Owner.

(c) Binding Obligation. This Acquisition Agreement is a legal, valid and binding obligation of the Owner, enforceable against the Owner in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Laws. The Owner shall not with knowledge commit, suffer or permit any act to be done in, upon or to the lands of the Owner in the District or the Facilities in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Facilities.

(e) Requests for Payment. The Owner represents and warrants that (i) it will not request payment from the City for the acquisition of any improvements that are not part of the Facilities, and (ii) it will diligently follow all procedures set forth in this Acquisition Agreement with respect to the Payment Requests.

(f) Financial Records. Until the final acceptance of the Facilities, the Owner covenants to maintain proper books of record and account for the construction of the Facilities and all costs related thereto. Which accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agent at any reasonable time during regular business hours on reasonable notice.

(g) Prevailing Wages. The Owner covenants that, with respect to any contracts or subcontracts for the construction of the Facilities to be acquired from the Owner hereunder, it has

assured complete compliance with any applicable law or regulation for the payment of prevailing wages for such construction.

(h) Plans. The Owner represents that it has obtained or will obtain approval of the Plans for the Facilities to be acquired from the Owner hereunder from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Owner further agrees that the Facilities to be acquired from the Owner hereunder have been or will be constructed in full compliance with such approved plans and specifications and any supplemental agreements (change orders) thereto, as approved in the same manner.

Section 6.2 Indemnification and Hold Harmless. The Owner shall assume the defense of, indemnify and save harmless the City, members of the City Council, their officers, officials, employees and agents and each of them, from and against all actions, damages, claims, losses or expense of every type and description to which they may be subjected or put, by reason of, or resulting from the breach of any provision of this Acquisition Agreement by the Owner, the Owner's or any other entity's negligent design, engineering and/or construction of any of the Facilities acquired from the Owner hereunder, the Owner's non-payment under contracts between the Owner and its consultants, engineer's, advisors, contractors, subcontractors and suppliers in the provision of the Facilities, any claims of persons employed by the Owner or its agents to construct the Facilities, claims for damages to persons or property related to the actions of Owner contemplated by this Acquisition Agreement or any claims arising out of any alleged misstatement of a material fact or omission of a material fact with respect to provisions in any Official Statement for the Bonds for which the Owner certifies in a customary certificate executed in connection with the printing of the Official Statement for such Bonds. Notwithstanding the foregoing, no indemnification is given hereunder for any action, damage, claim, loss or expense directly attributable solely to the intentional acts or negligence of the City, or its officers, directors, employees or agents hereunder.

No provision of this Acquisition Agreement shall in any way limit the Owner's responsibility for payment of damages resulting from the operations of the Owner, its agents, employees or its contractors.

ARTICLE VII TERMINATION

Section 7.1 Mutual Consent. This Acquisition Agreement may be terminated by the mutual, written consent of the City and the Owner, in which event the City may let contracts for any remaining work related to the Facilities not theretofore acquired from the Owner hereunder, and use all or any portion of the monies in the Improvement Fund to pay for same, and the Owner shall have no claim or right to the Purchase Price of Facilities or Discrete Components hereunder, except as otherwise may be provided in such written consent. In any event, this Acquisition Agreement shall terminate upon the earlier of (i) ten (10) years following the issuance of building permits for all dwelling units expected to be built within the District, (ii) the funding of all Facilities pursuant to this Acquisition Agreement, or (iii) December 31, 2029. Notwithstanding the foregoing, this Acquisition Agreement shall not terminate pursuant to (iii) of the previous sentence if, on December 31, 2029, all of the building permits within the District have been pulled, construction within the District, as contemplated by the parties hereto, is ongoing, and bonds have not been issued to reimburse the Owner for completed Facilities.

Section 7.2 City Election to Terminate for Cause. The following events shall constitute grounds for the City, at its option and in its sole discretion, to terminate this Acquisition Agreement, without the consent of the Owner:

(a) The Owner shall voluntarily file for reorganization or other relief under any Federal or State bankruptcy or insolvency law.

(b) The Owner shall have any involuntary bankruptcy or insolvency action filed against it, or shall suffer a trustee in bankruptcy or insolvency or receiver to take possession of the assets of Owner, or shall suffer an attachment or levy of execution to be made against the property it owns within the District unless, in any of such cases, such circumstance shall have been terminated or released within ninety (90) days thereafter.

(c) The Owner shall abandon construction of the Facilities. Failure for a period of six consecutive months to undertake substantial work related to the construction of Facilities that are required to be constructed at that time pursuant to the Conditions of Approval, other than for a reason specified in Section 7.3 hereof, shall constitute a non-inclusive example of such abandonment.

(d) The Owner shall breach any material covenant or default in the performance of any material obligation hereunder.

(e) The Owner shall transfer any of its rights or obligations under this Acquisition Agreement without the prior written consent of the City or as otherwise permitted hereunder.

(f) The Owner shall have made any material misrepresentation or omission of any written materials furnished in connection with any preliminary official statement, official statement or bond purchase contract used in connection with the sale of any series of the Bonds.

If any such event occurs, the City shall give written notice of its knowledge thereof to the Owner, and the Owner agrees to meet and confer with the Director and other appropriate City staff and consultants as to options available to assure timely completion of the Facilities. Such options may include, but not be limited to the termination of this Acquisition Agreement by the City. If the City elects to terminate this Acquisition Agreement, the City shall first notify the Owner (and any mortgagee or trust deed beneficiary specified in writing by the Owner to the City to receive such notice) of the grounds for such termination and allow the Owner a reasonable period (minimum of thirty (30) days) to eliminate or mitigate to the satisfaction of the Director the grounds for such termination. Such period may be extended, at the sole discretion of the City, if the Owner, to the satisfaction of the City, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof, as determined solely by the City), the Owner has not eliminated or completely mitigated such grounds, to the satisfaction of the City, the City may then terminate this Acquisition Agreement.

Notwithstanding the foregoing, so long as any event listed in any of clauses (a) through and including (f) above has occurred, notice of which has been given by the City to the Owner, and such event has not been cured or otherwise eliminated by the Owner, the City may in its sole discretion cease making payments for the Purchase Price of Facilities or Discrete Components under Article V hereof.

Attention: City Manager, City Clerk

With a copy to: John Pinkney
Slovak Baron Empey Murphy & Pinkney, LLP
1800 E. Tahquitz Canyon Way
Palm Springs, CA 92262

Owner: Pardee Homes
1250 Corona Pointe Court, Suite 600
Corona, California 92879
Attention: Mike Taylor, Jeff Chambers

With a copy to: John P. Yeager
O'Neil LLP
19900 MacArthur Boulevard, Suite 1050
Irvine, CA 92612

Each party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

Section 8.6 Severability. If any part of this Acquisition Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Acquisition Agreement shall be given effect to the fullest extent possible.

Section 8.7 Successors and Assigns. This Acquisition Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Acquisition Agreement shall not be assigned by the Owner, except in whole to an Affiliate, or to any other entity of which the Owner and/or its members or partners will be managing members or general partners which assume all of the Owner's obligations hereunder (which transfer is expressly authorized hereunder, upon notice to the City without further act of the City), without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed. In connection with any required consent of the City, the City may condition its consent upon the acceptability of the financial condition of the proposed assignee, the assignee's express assumption of all obligations of the Owner hereunder, and/or upon any other factor which the City deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned, and shall not be effective until approved by the City. Without the City's written consent, no assignment shall release the Owner from its obligations and liabilities under this Acquisition Agreement.

Section 8.8 Other Agreements. The obligations of the Owner hereunder shall be those of a party hereto and not as an owner of property in the District. Nothing herein shall be construed as affecting the City's or the Owner's rights, or duties to perform their respective obligations, under other agreements, if any, use regulations or subdivision requirements relating to the development of the lands in the District. This Acquisition Agreement shall not confer any additional rights, or waive any rights given, by either party hereto under any development or other agreement to which they are a party.

Section 8.9 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Acquisition Agreement by the other party, or the failure by a party to exercise its

rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Acquisition Agreement thereafter.

Section 8.10 Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Acquisition Agreement shall be binding.

Section 8.11 Parties in Interest. Nothing in this Acquisition Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City, the District and the Owner any rights, remedies or claims under or by reason of this Acquisition Agreement or any covenants, conditions or stipulations hereof; and all covenants, conditions, promises, and agreements in this Acquisition Agreement contained by or on behalf of the City, the District or the Owner shall be for the sole and exclusive benefit of the City, the District and the Owner.

Section 8.12 Amendment. This Acquisition Agreement may be amended, from time to time, by written Supplement hereto and executed by the City, the District and the Owner; provided, further, that Exhibit A may be modified to add additional authorized facilities or make adjustments to the existing Facilities only with the written approval of the City Council and the Owner.

Section 8.13 Counterparts. This Acquisition Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 8.14 Termination. This Acquisition Agreement shall terminate and be of no further force as of December 31, 2024, unless extended by agreement of all the parties. If the Acquisition Agreement is terminated as provided herein, none of the City, the District or the Owner shall have any further responsibility or liability pursuant to this Acquisition Agreement. Upon the termination of this Agreement, the City shall direct the use of any remaining Bond or Special Tax proceeds to complete any remaining authorized facilities, redeem Bonds or use in any way permitted by the Act.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Acquisition Agreement as of the day and year first-above written.

CITY OF BEAUMONT

By: _____

ATTESTED TO:

City Clerk

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 2019-1

By: _____

ATTESTED TO:

City Clerk

PARDEE HOMES,
a California corporation

By: _____

Name: _____

Title: _____

**ACQUISITION AGREEMENT
(CFD NO. 2019-1)**

EXHIBIT A

**DESCRIPTION OF FACILITIES AND DISCRETE COMPONENTS ELIGIBLE FOR
ACQUISITION FROM THE OWNER**

Facility¹	Estimated Cost
Cherry Avenue Street Improvements	\$ 954,607
Storm Drain Improvements along Cherry Avenue	1,353,209
Sewer Improvements along Cherry Avenue	4,118

¹ The description of the above Facilities shall also include any appurtenant cost required for completion of such Facility including, but not limited to, grading, wet utility improvements, paving, dry utilities, performance bonds, design, planning, and engineering costs, etc.

ACQUISITION AGREEMENT

EXHIBIT B

FORM OF PAYMENT REQUEST (FACILITIES)

PAYMENT REQUEST NO. ____

The undersigned (the "Owner"), hereby requests payment to the Payees listed on Attachment 2 in the total amount of \$ _____ for the Facilities (as defined in the Acquisition Agreement, dated as of _____, 2019 by and among the City of Beaumont (the "City"), the City of Beaumont Community Facilities District No. 2019-1 and the Owner), or Discrete Components thereof (as described in Exhibit A to that Acquisition Agreement), all as more fully described in Attachment 1 hereto. In connection with this Payment Request, the undersigned hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized officer of the Owner, qualified to execute this Payment Request for payment on behalf of the Owner and is knowledgeable as to the matters set forth herein.

2. All costs of the Facilities or Discrete Components thereof for which payment is requested hereby are Actual Costs (as defined in the Acquisition Agreement referenced above) and have not been inflated or misrepresented in any respect. The items for which payment is requested have not been the subject of any prior payment request submitted to the City.

3. Supporting documentation (such as third party invoices) is attached with respect to each cost for which payment is requested.

4. There has been full compliance with applicable laws relating to prevailing wages for the work to construct the Facilities or Discrete Components thereof for which payment is requested.

5. The Facilities or Discrete Components thereof for which payment is requested were constructed in accordance with all applicable City or other governmental standards, and in accordance with Plans approved by the City.

6. The Owner is in compliance with the terms and provisions of the Acquisition Agreement.

7. The Purchase Price for each Facility or Discrete Component (a detailed calculation of which is shown in Attachment 2 hereto for each such Facility or Discrete Component), has been calculated in conformance with the terms of the Acquisition Agreement.

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

Dated: _____

OWNER:
PARDEE HOMES,
a California corporation

By: _____
Name: _____
Title: _____

Dated: _____

CITY:

Payment Request Approved for Submission to
Finance Manager

By: _____
Director of Public Works

ACQUISITION AGREEMENT

ATTACHMENT 1

EXHIBIT B

[List here all Facilities or Discrete Components thereafter which payment is requested, and attach support documentation.]

ACQUISITION AGREEMENT

ATTACHMENT 2

EXHIBIT B

CALCULATION OF PURCHASE PRICE

[Use a separate sheet for each Facility or Discrete Component for which payment is being requested]

- 1. Description (by reference to Exhibit A to the Acquisition Agreement) of the Facility or Discrete Component \$
- 2. Actual Cost (list here total of supporting invoices and/or other documentation supporting determination of Actual Cost): \$
- 3. Subtractions from Purchase Price: \$
 - A. Holdback for Lien releases (if any, see Section 3.4 of the Acquisition Agreement) \$
 - B. Retention (if any, see Section 3.4 of the Acquisition Agreement) \$
- 4. Total disbursement requested (Amount listed in 2, less amounts, if any, listed in 3) \$

Payment shall be directed to following payee(s):

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

OWNER:

Dated: _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

CITY:

Payment Request Approved for Submission to
Finance Manager

Dated: _____

By: _____

Director of Public Works

ACQUISITION AGREEMENT

EXHIBIT C

CITY CFD POLICIES

Staff Report

TO: Mayor and City Council Members
Chair and Board Members of the Beaumont Financing Authority
Members of the Legislative Bodies of CFD 93-1, CFD 2016-1, CFD 2016-2,
CFD 2016-3, CFD 2016-4 and CFD 2019-1

FROM: Todd Parton, City Manager

DATE: February 19, 2019

SUBJECT: Approval of Resolution Adopting on Behalf of the City, the Beaumont Financing Authority and the City of Beaumont Community Facilities District No. 93-1, City of Beaumont Community Facilities District No. 2016-1, City of Beaumont Community Facilities District No. 2016-2, City of Beaumont Community Facilities District No. 2016-3, City of Beaumont Community Facilities District No. 2016-4 and City of Beaumont Community Facilities District No. 2019-1, the Second Amended and Restated Disclosure Procedures

Background and Analysis:

In 2017, the Beaumont Financing Authority (the "Authority") consented to a Cease and Desist Order with the U.S. Securities and Exchange Commission (the "SEC Order"). As required by the SEC Order, the Authority retained an independent consultant that, among other things, was required to make recommendations for changes in or improvements to the Authority's Disclosure Procedures regarding all aspects of municipal securities disclosures.

On February 13, 2018, the independent consultant issued its Report of Independent Consultant (the "Report") making recommendations for changes in and improvements to the Authority's Disclosure Procedures.

In response to the Report, on March 6, 2018, the City Council adopted the Amended and Restated Disclosure Procedures for and on behalf of the City, as the Board of Directors of the Beaumont Financing Authority and as the legislative body of each of the City of Beaumont Community Facilities District No. 93-1, City of Beaumont Community Facilities District No. 2016-1, City of Beaumont Community Facilities District No. 2016-2, City of Beaumont Community Facilities District No. 2016-3 and City of Beaumont Community Facilities District No. 2016-4.

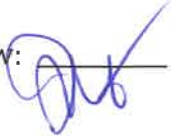
The Securities Exchange Commission has made certain amendment to its Rule 15c2-12 (the "Amendments"), which will become effective on February 27, 2019. As a result, the City Council, for and on behalf of the City, as the Board of Directors of the Beaumont Financing

Authority and as the legislative body of each of the City of Beaumont Community Facilities District No. 93-1, City of Beaumont Community Facilities District No. 2016-1, City of Beaumont Community Facilities District No. 2016-2, City of Beaumont Community Facilities District No. 2016-3, City of Beaumont Community Facilities District No. 2016-4 and City of Beaumont Community Facilities District No. 2019-1, is being asked to adopt Second Amended and Restated Disclosure Procedures (the "Second Amended and Restated Policies") that amend and restate the Amended and Restated Disclosure Procedures to account for the Amendments.

Fiscal Impact:

There is no impact to the City's general fund associated with the proposed adoption of the Second Amended and Restated Policies.

Finance Director Review: _____



Recommendation and Attachments:

1. Waive the full reading and approve by title only "A Resolution of the City Council Approving Second Amended and Restated Disclosure Procedures"; and
2. Authorize the officers of the City and the Authority to take all actions necessary to implement the Second Amended and Restated Policies.

City Manager Review: _____



RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL APPROVING SECOND
AMENDED AND RESTATED DISCLOSURE PROCEDURES**

Intent of the Parties and Findings

(i) The City of Beaumont (the “City”) previously adopted Amended and Restated Disclosure Procedures Applicable to Each of City of Beaumont, Beaumont Financing Authority, Community Facilities District No. 93-1 and Any Additional Community Facilities District Approved By The City of Beaumont” (the “Amended and Restated Procedures”); and

(ii) The Amended and Restated Procedures set forth, among other things, certain annual continuing disclosure requirements required by Rule 15c2-12 of the Securities Exchange Commission (the “Rule”); and

(iii) The Securities Exchange Commission has made certain amendment to the Rule (the “Amendments”), effective February 27, 2019; and

(iv) As a result of the implementation of the Amendments, the City and its affiliated entities, including Community Facilities District No. 2016-1, will need to adopt second amended and restated disclosure procedures (the “Second Amended and Restated Procedures”), a copy of which is on file with the City Clerk;

NOW, THEREFORE, the City Council of the City of Beaumont, California, acting for and on behalf of the City, the Beaumont Financing Authority, Community Facilities District No. 93-1, Community Facilities District No. 2016-1 and any additional community facilities district approved by the City, does resolve, declare, determine and order as follows:

SECTION 1. Each of the above recitals is true and correct.

SECTION 2. The Second Amended and Restated Disclosure Procedures, in substantially the form on file with the City Clerk, are hereby approved and adopted.

SECTION 3. This Resolution shall be effective upon its adoption.

PASSED, APPROVED and ADOPTED this 19th day of February 2019.

Julio Martinez, Mayor

I, Nicole Wheelwright, Assistant City Clerk of the City of Beaumont, do hereby certify that the foregoing Resolution was passed and adopted at a regular meeting of the City Council of the City of Beaumont held on the 19th day of February, 2019, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

ATTEST: _____
Steven Mehlman, City Clerk

CITY OF BEAUMONT
SECOND AMENDED AND RESTATED DISCLOSURE PROCEDURES
APPLICABLE TO EACH OF
CITY OF BEAUMONT
BEAUMONT FINANCING AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 93-1
COMMUNITY FACILITIES DISTRICT NO. 2016-1
AND
ANY ADDITIONAL COMMUNITY FACILITIES DISTRICT APPROVED BY THE
CITY OF BEAUMONT

PURPOSE

The purpose of these Amended and Restated Disclosure Procedures (the “Procedures”) is to memorialize and communicate key principles and procedures in connection with obligations, including notes, bonds and certificates of participation, issued by the City of Beaumont (the “City”), and to memorialize and communicate key principles and procedures in connection with obligations issued by the Beaumont Financing Authority (“BFA”), the Community Facilities District No. 93-1 (“CFD 93-1”), Community Facilities District No. 2016-1 (“CFD 2016-1,” and with CFD 93-1, the “Districts”) or any other community facilities district (each, an “Additional District”) subsequently authorized or approved by the City. Because the governing body of BFA and its officers/staff are the same as the City, and because the governing body of the Districts and its staff are the same as the City, all references in these Procedures to “City” shall also refer to BFA in the case of land assessment/tax-backed securities that secure payment of obligations issued by BFA, and the applicable District (and any Additional District) in the case of Mello-Roos bonds and other land assessment/tax-backed securities issued by the applicable District (or such Additional District).

In 2017, the BFA consented to a Cease and Desist Order with the U.S. Securities and Exchange Commission (the “SEC Order”) related to certain past disclosure decisions. These Procedures are intended, in part, to ensure that City officials and staff remain in full compliance with the obligations under past or future bond documents and with the SEC Order.

DISTRIBUTION

The Procedures shall be provided to all members of the Beaumont City Council, the City Manager, all members of the City’s Finance Department, the City Attorney and any other member of the City staff involved in the City’s disclosure obligations.

BACKGROUND

From time to time, the City issues certificates of participation, revenue bonds, notes or other obligations, the Districts or any Additional District may issue Mello-Roos bonds or other land

assessment/tax-backed securities, and the BFA may issue obligations in various forms, including among others debt secured by and payable from debt obligations issued by the applicable District or any Additional District (collectively, "Obligations"), in order to fund or refund capital investments, new development within the City, other long-term programs and working capital needs. In offering Obligations to the public, and at other times when the City, BFA, the Districts or any Additional District, as the case may be, makes certain reports, the City, BFA, the Districts and any Additional District, as the case may be, must comply with the Anti-Fraud Rules of federal securities laws even though material portions of official statements are written by developers, their counsel and other market participants. Although BFA is essentially a conduit issuer and its official statements primarily related to housing development disclosure versus disclosure regarding the City, BFA nevertheless has responsibility for compliance with the Anti-Fraud Rules. The same holds true for securities issued directly by the applicable District or any Additional District. As used herein, "Anti-Fraud Rules" refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly Rule 10b-5 under the 1934 Act.

At their core, these rules require all material information relating to the offered Obligations be provided to potential investors. The information provided to potential investors must not contain any material misstatements, and the City must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the City's financial condition. In the context of the sale of securities, a fact is considered to be material if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When the City issues Obligations, two central disclosure documents are prepared: (1) a preliminary official statement ("POS"); and (2) a final official statement ("OS", and collectively with the POS, "Official Statement"). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, including, depending on the type of financing, the City's or enterprise's financial condition, the development within the community facilities district, the developer and its development and financing plan, and (ii) various other appendices, including the City's audited financial report (for City general fund or enterprise fund financings), form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the City's Obligations.

ENGAGEMENT OF OUTSIDE DISCLOSURE COUNSEL

For every Obligation, the City shall engage outside legal counsel with expertise in securities laws for advice with respect to the City's disclosure obligations and requirements under the federal securities laws ("Disclosure Counsel"). Disclosure Counsel assists the City in preparing the Official Statement, and reviews all new data and updates to the Official Statement. Throughout the process of receiving and incorporating material, Disclosure Counsel provides advice as to standards of materiality and other securities law issues. Disclosure Counsel has a confidential, attorney-client relationship with officials and staff of the City.

Disclosure Counsel provides a negative assurance letter as to the disclosure set forth in the Official Statement for each City Obligation. The letter advises the City and the Obligations underwriters that as a matter of fact and not opinion that no information came to the attention of the attorneys working on the transaction which caused them to believe that Official Statement as of its date and as of the date of their letter (except for any financial, statistical, economic or demographic data or forecasts, charts, tables,

graphs, estimates, projections, assumptions or expressions of opinion, and other customary exclusions), contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

DISCLOSURE PROCESS

The City Manager shall be primarily responsible for the administration of these Procedures as they pertain to primary market disclosure. The City Manager shall delegate to other officers responsibilities for certain of these functions as the City Manager from time to time determines. As used herein, "Finance Staff" shall mean the City Manager and its delegates.

When the City decides to issue Obligations, the Finance Staff request the involved departments to commence preparation of the portions of the Official Statement for which they are responsible. Finance Staff and the City Attorney are separately responsible for reviewing and preparing or updating certain portions of the Official Statement which are within their particular area of knowledge. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire Official Statement. Disclosure Counsel assists the Finance Staff in determining the materiality of any particular item, and in the development of specific language in the Official Statement. For general fund financings, Disclosure Counsel also assists the City in the development of a "big picture" overview of the City's financial condition, included in the forepart of the Official Statement. This overview highlights particular areas of concern. The Finance Staff schedules one or more meetings or conference calls of the financing team working group (which includes City officials, the City's financial advisor, Disclosure Counsel, bond counsel, the underwriter of the Obligations, and their counsel, and, for land secured financings, the developer, its attorneys and consultants), and new drafts of the Official Statement are circulated and discussed. During this part of the process, there is substantial contact among City staff, other members of the financing team and Disclosure Counsel, to discuss issues which may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is a formal meeting which includes City officials involved in the preparation of the POS and the underwriters and their counsel, during which the Official Statement is reviewed in its entirety, page by page or section by section, to obtain final comments and to allow the underwriters to ask questions of the City's senior officials. This is referred to as a "due diligence" meeting.

The City Manager or its delegate (if involved in the due diligence meeting described above and, if applicable, the "page turning" session described below under "LAND ASSESSMENT/TAX-BACKED SECURITIES") is authorized to cause to be "deemed final" by the City or the BFA (or by the applicable District or an Additional District for obligations issued directly to the public market by such entity), as applicable, the Preliminary Official Statement for purposes of Rule 15c2-12 of the Securities Exchange Commission.

Between the POS and final OS, any new changes and developments will have been incorporated into the Official Statement if required by the entity responsible for the applicable portion of the Appendix A. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior City officials execute a certificate stating that the Official Statement, as of the date of each OS and as of the date of closing, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the

statements contained in the Official Statement in light of the circumstances under which they were made, not misleading.

The information contained in the Official Statement is primarily developed by Finance Staff, the City Attorney or the developer. In addition, the City’s financial adviser participates throughout the process of preparing the Official Statement and developing the structure of the financing.

LAND ASSESSMENT/TAX-BACKED SECURITIES

The following principles apply specifically to land assessment/tax-backed securities that secure payment of obligations issued by BFA, and the Districts (and any Additional District) in the case of Mello-Roos bonds and other land assessment/tax-backed securities issued by the Districts (or such Additional District).

Appraiser. Where the financial advisor, developer, Disclosure Counsel (or bond counsel), and/or underwriter determines that an appraisal is required for disclosure, the Official Statement should contain a description of the following:

- How the appraiser was selected (e.g., by RFP or direct selection);
- The basic qualifications of the appraiser; and
- A summary of the primary criteria that resulted in the final appraisal of the relevant property.

The City shall require the appraiser to review such information for accuracy. Further, Disclosure Counsel and/or bond counsel shall discuss and decide whether and to what extent written assurances as to the accuracy of such information may be needed from the appraiser.

Developer Questionnaire. The City shall require the developer to submit and certify as to accuracy and completeness a detailed questionnaire covering the developer and the proposed project (the “Developer Questionnaire”) at the start of each new money financing through Land Assessment/Tax-Backed Securities and for which there will be ongoing vertical development or a significant portion of the project site (e.g., greater than 20%) will be owned by the developer at the time of issuance.

A sample of a Developer Questionnaire is attached hereto as Exhibit A. However, each Developer Questionnaire should be tailored to the specific transaction at hand. The Developer Questionnaire should mirror the type of questionnaires underwriters will require for similar developer-driven financings. Each Developer Questionnaire should cover topics specific to the developer, such as:

- The ownership structure of the developer and all affiliates relevant to the project, including entity type (e.g., corporation, partnership, LLC) and percentage of controlling interests of members/partners/etc.;
- If publicly-traded, instructions or a website link for how investors can access annual and other disclosures on EDGAR;
- General background and experience of the developer and its affiliates, as applicable; and
- A history of previous projects developed by the developer and/or relevant entities with controlling interests, which shall include, without limitation, information concerning material delays in construction, history of defaults, etc.

Each Developer Questionnaire should also contain relevant details concerning the development at issue, such as:

- Location;
- Size;
- How long the developer has owned the development site;
- Information concerning environmental diligence, applicable zoning and related issues; and
- Whether the developer or related entities are under investigation or subject of current inquiry by any federal or state regulatory agencies.

The City shall require that each Developer Questionnaire be signed and certified as true and complete by the developer. The City Finance Director shall be responsible for double-checking the receipt of the Developer Questionnaire.

Offering Statements. Offering statements for Land Assessment/Tax-Backed Securities respecting districts under development shall provide the following:

- Total development budget (including public infrastructure improvements and the home developments);
- A listing of sources of funds (e.g., developer equity, line of credit, commercial loan, other equity investor funds); and
- The status of such funding sources (e.g., if a construction loan, the extent to which it has been funded).

If a financing occurs while material portions of the project are under development, the offering statement shall disclose the status of construction and projected costs to complete (whether based on the initial budget or otherwise).

For developments that contain 500 or more units, discussion should occur among bond counsel, Disclosure Counsel, the financial advisor, the underwriter and other relevant participants as to whether a market absorption or feasibility study is needed for the offering statement. The City shall give deference to the determinations of the financial advisor, Disclosure Counsel and bond counsel over recommendation from other participants like the developer and its counsel.

Formal “Page Turning” Session. Prior to the due diligence meeting described under “DISCLOSURE PROCESS” above, there shall be a formal “page turning” session where the special tax consultant, Disclosure Counsel, bond counsel, financial advisor, the developer and its counsel, the City Manager, the City Attorney, any other relevant City officials as identified by the City Manager, review key portions of the preliminary official statement and, to the extent of changes other than those reflecting pricing terms following sale, the final official statement. This type of “page turning” session is a very important element of the disclosure process. The City Finance Director shall be responsible for ensuring that such “page turning” session occurs prior to the Preliminary Official Statement or similar offering statement being made available to investors.

Prior to printing the Official Statement, the City shall require the developer to deliver a “10b5” certificate to the City covering those portions of the Preliminary Official Statement relating to the developer, its project and its financing plans. Additionally, prior to printing the Preliminary Official Statement, the City Manager and its delegates, and Disclosure Counsel or bond counsel, shall have reviewed and agreed upon the form of developer counsel opinion required, if any, and the form of written assurances, if any, from the special tax consultant and financial advisor as to accuracy and completeness of relevant portions of the Preliminary Official Statement in connection with the financing. The City Finance Director shall be responsible for double-checking the receipt of all 10b-5 and related certificates, instruments or opinions required to be delivered by the developer in a land assessment/tax-backed securities offering.

Recordkeeping. BFA, the City, the Districts or any Additional District, as applicable, shall retain in a central depository for a period of five years from the date of delivery of any series of bonds the following materials:

- The printed copy of the Preliminary Official Statement and final Official Statement (or similar offering documents);
- The executed copies of all opinions, letters or other certifications concerning the accuracy or adequacy of disclosure provided by the developer, developer’s counsel, Disclosure Counsel, bond counsel and all other participants in the financing pursuant to these Procedures;
- The Developer Questionnaire, if applicable;
- The bond purchase agreement;
- Copies of any “deemed final” certification provided by an official with the City, BFA, the applicable District or an Additional District, as the case may be, to the underwriter of bonds in accordance paragraph (b)(1) of Rule 15c2-12 of the Securities Exchange Commission; and
- Any written certification or opinions executed by a developer, its counsel, the special tax consultant, financial advisor and any other financing participants outside the City delivered at the time of delivery of the related series of bonds.

It is not necessary that drafts of such instruments be retained; only final copies.

GOVERNING PRINCIPLES FOR CITY OFFICIALS AND STAFF

The following principles govern the work of the respective staffs that contribute information to the Official Statement:

- City staff involved in the disclosure process are responsible for being familiar with federal securities laws as they relate to disclosure.
- City staff involved in the disclosure process should be instructed to err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult with Disclosure Counsel if there are questions regarding whether an issue is material.
- City staff involved in the disclosure process, along with the developer, special tax counsel, the financial advisor and all other participants in preparing portions of an offering statement

and that are involved in any meetings where portions of an offering statement are reviewed or discussed should be instructed that general disclosure of a potential risk is no substitute for known facts specific to that risk, and that participants should strive to ensure known facts are disclosed.

- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the City should consider revisions to the Procedures.
- The City must make sure that the particular officials involved in the disclosure process are of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the City and its finances.
- Any concerns regarding the accuracy of an Official Statement should be immediately reported to the City Attorney or the City's Disclosure Counsel.
- Care should be taken that any information produced and maintained for public consumption, and which may be relied upon by an investor in making an investment decision in the primary or secondary market, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.
- Consideration should be made, based on consultation with Disclosure Counsel (or, if there is not Disclosure Counsel, bond counsel) as to whether a public statement by a City official or the response by the City to an investor inquiry (e.g., a question from one of BFA's investors) may be material enough to merit a voluntary filing on EMMA to ensure that Obligations are trading based on equal access to material information.
- The City Manager shall review these Procedures on an annual or bi-annual basis and may, from time to time, as may be necessary, update these Procedures in consultation with Disclosure Counsel and/or bond counsel.
- The City Finance Director, together with Disclosure Counsel and/or bond counsel, shall review the continuing disclosure section of the preliminary offering statement – particularly that portion describing the five-year compliance history of the applicable District or of any other obligated person under the purview of BFA or the City – before it is finalized and sent to prospective investors.

ANNUAL CONTINUING DISCLOSURE REQUIREMENTS

In connection with the issuance of Obligations, the City has entered into a number of contractual agreements (each a "Continuing Disclosure Certificate" and, collectively, "Continuing Disclosure Certificates") to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. Continuing Disclosure Certificates that are entered into in the future should not be "canned" and Disclosure Counsel (or, if there is not Disclosure Counsel, bond counsel or underwriter's counsel) shall prepare the continuing disclosure agreement based upon the specific transaction at hand.

The City must comply with the specific requirements of each Continuing Disclosure Certificate. The City's Continuing Disclosure Certificates generally require that the annual reports be filed within a certain number of days after the end of the City's fiscal year, and event notices are generally required to be filed within 10 days of their occurrence.

Specific events which require material event notices generally consist of the following¹:

- (a) Any of the following events with respect to the Obligations (in a timely manner not more than ten (10) business days after the event):
 - 1. Principal and interest payment delinquencies;
 - 2. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - 3. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - 4. Substitution of credit or liquidity providers, or their failure to perform;
 - 5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
 - 6. Tender offers;
 - 7. Defeasances;
 - 8. Rating changes;
 - 9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
 - 10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

- (b) Any of the following events with respect to the particular Obligations, if material:
 - 1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the particular Obligations or other material events affecting the tax status of the Series 2013 Bonds;
 - 2. Modifications to rights of holders of the particular Obligations;
 - 3. Optional, unscheduled or contingent calls of the particular Obligations;
 - 4. Release, substitution, or sale of property securing repayment of the particular Obligations;
 - 5. Non-payment related defaults;

¹ The list set forth above is applicable for transactions after December 1, 2010. Continuing disclosure undertakings for transactions prior to that date contained a similar, but less extensive list of material events.

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. Appointment of a successor or additional trustee or the change of name of a trustee; or
8. Incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Obligation holders.

For purposes of the events identified in subparagraphs (a)(10) and (b)(8), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12 of the Securities Exchange Commission.

The City Finance Director shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Certificates. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

Moreover, with regard to the filing of annual financial statements, the City Finance Director and the City Manager (or its delegate) shall maintain calendar reminders for the filing such statements. The City shall consider the use of a dissemination agent or other reminder resources provided by the Municipal Securities Rulemaking Board or similar authorities to assist in the timely filing of materials on EMMA.

The BFA shall have Disclosure Counsel (or, if there is no Disclosure Counsel, bond counsel) to BFA prepare a checklist for the specific items required to be filed on an annual basis (the “Annual Report Checklist”). The Annual Report Checklist should be modified by Disclosure Counsel (or, if there is not Disclosure Counsel, bond counsel) as new issues are sold, and by BFA or its counsel as issues of BFA debt are paid off and no longer outstanding. A separate Annual Report Checklist should be prepared and similarly modified for any District or Additional District obligations hereafter issued.

The City Finance Director, at the time of each annual filing, shall execute the Annual Report Checklist and then delivered it to the City Manager. The City Manager, or its delegate, shall review the filings on EMMA against the Annual Report Checklist as a double-check for compliance accuracy.

Upon the advice of Disclosure Counsel or bond counsel, the BFA may identify a different compliance method if determined to be more effective or feasible than the Annual Report Checklist.

The City Manager (or its delegate) shall double-check the timeliness of filing of audited financial statements and annual reports against the Annual Report Checklist or different compliance method described above.

When a continuing disclosure agreement requires data that does not exist or that the BFA cannot obtain, the City Finance Director will consult with bond counsel and/or Disclosure Counsel on how to report such information.

TRAINING

The City will provide training for the staff involved in the preparation of the Official Statement, which will be coordinated by the City Manager and the City Attorney, with the assistance of Disclosure Counsel. The City Manager shall be primarily responsible for maintaining a record (including attendance) of such training. Training will be provided at least annually or prior to the offering of any new Obligation. The training sessions shall be provided to assist staff members involved in identifying relevant disclosure information to be included in the Official Statement. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions shall be provided the opportunity to ask questions of Disclosure Counsel concerning disclosure obligations and are encouraged to contact Disclosure Counsel at any time if they have questions.

The City Finance Director shall receive training from bond counsel or Disclosure Counsel on the mechanics for making filings on EMMA, as well as the information required to be filed in the applicable District's (and any Additional District's) annual reports. This training will take place after the Annual Report Checklist is prepared or more effective or feasible compliance method is established.

CERTIFICATE OF RECEIPT AND UNDERSTANDING

I certify that I have received a copy of the City of Beaumont's Amended and Restated Disclosure Procedures. I have reviewed and understand its contents and agree to abide by the principles and requirements in the Amended and Restated Disclosure Procedures.

Name: _____

Date: _____

EXHIBIT A

DEVELOPER QUESTIONNAIRE

This questionnaire is intended to provide information that will be used by Disclosure Counsel in connection with the preparation of the Preliminary Official Statement and the final Official Statement for the bonds proposed to be issued by [] (the "District"). Although the bonds are exempt from the requirement that they be registered with the Securities and Exchange Commission, they are subject to the anti-fraud provisions of the federal securities laws and the laws of the State of California. Therefore, it is critical that the Preliminary Official Statement and final Official Statement not contain any material misstatements or omissions. Accordingly, the information that you provide in response to this Questionnaire must be complete and accurate in every respect.

As used herein the term "Property" refers to all of the property within the applicable District. The term "Project" refers to the proposed improvements to be made within the applicable District including all residential and commercial development.

I. OWNERSHIP

- (a) Name of the developer (the "Developer") of the property (the "Property") within the applicable District:

- (b) Please describe the ownership structure of the Developer. Include a description of any partnership, limited liability company or other arrangements, and names of all general partners, members and officers. Attach resumes of key individuals and a copy of any partnership agreements, operating agreements, articles of incorporation and bylaws.

- (c) Please attach copies of the Developer's most recent annual and quarterly financial statements. If the Developer is a publicly held company, please provide copies of the most recent 10Q or 10K filing.

- (d) Include at least one reference from a bank or financial institution.

Note: Financial statements and information obtained from bank references are necessary as part of the due diligence process required to issue the bonds. Any nonpublic information will remain strictly confidential unless and until published as part of the Official Statement.

(e) Who is the contact person for the Project?

Name: _____
Title: _____
Phone Number: _____
E-Mail: _____

(f) Please provide the contact information of the attorney who will be representing the Developer in connection with the issuance of bonds by the applicable District.

Name: _____
Title: _____
Phone Number: _____
E-Mail: _____

(g) Please attach your most recent copy of a preliminary title report for the Property.

II. PROJECT INFORMATION

(a) Name of Project:

(b) Location of Project:

(c) Description of Project

(i) Number of gross acres:

(ii) Number of developable acres:

(d) How long has Developer owned the Property?

(e) Describe the existing land uses on the Property:

(f) Please summarize the existing entitlements for the Project (i.e., number and type of residential units, commercial square footage, industrial square footage, recreation uses, other public uses) and provide a list of the governmental approvals that govern development of the Property:

- (g) Please attach a copy of each Purchase and Sale Agreement including any amendments executed by Developer for Property in the applicable District.
- (h) Please summarize the improvements to be completed by the Developer with respect to the Project and the status of the construction of the improvements and a timeline for completion.
- (i) Please provide a budget for the improvements to be installed by the Developer and describe how the improvements are to be financed.
- (j) Please answer the following questions and provide any of the following received with respect to the Property.
 - (i) Has an environmental impact report been approved for the Project? YES NO. If yes, please provide a copy along with any supplement thereto.
 - (ii) Has a Phase I Environmental Site Assessment been prepared for the property? YES NO. If yes, please provide a copy of all assessments prepared.
 - (iii) Has a soils report been prepared for the Project? YES NO. If yes, please provide copies of all reports.
- (k) List any approved tentative, final or parcel maps applicable to development of the Project and provide a copy of all conditions to development.
- (l) Are any impact fees owing as a condition to develop? YES NO. If yes, please describe, list below and provide copies of any agreements or documents which contain such conditions.
- (m) Is there any endangered species habitat on the Property? YES NO. If yes, please describe.

- (n) Are there any legal impediments that could delay or prevent the buildout of the Project as planned? ___ YES ___ NO. If yes, please describe.
- (o) Are you aware of any proposed restrictions on the rate of future growth in the jurisdiction where the Project is to be located which may impact the development of the Project (i.e., proposed growth control ordinances or initiatives or limitations on water availability)? ___ YES ___ NO If YES, please explain:
- (p) Are there any geological impediments (earthquake faults, flood zones, high ground water, soil slippage, etc.) to buildout of the Project? If so, please describe.
- (q) What are your long-term plans for any portion of the Property not already conveyed to merchant builders? For any portion to be constructed by Developer please describe planned improvements and timing.
- (r) Are there any existing trust deeds/loans on the Property? ___ YES ___ NO. Please state the name of the lending institution, the approximate maximum loan amount and approximate current balance of the loan.

- (s) Has construction financing for the Project been obtained? YES NO. If yes, please describe the source and amount of such loan and any acquisition and development loans, and provide copies of all loan agreements and promissory notes. If no, describe whether any loans are required to develop.

- (t) Other than the applicable District, is there any existing or proposed community facilities district or assessment district that includes all or a portion of the Property? YES NO. If yes, please describe the name, dollar amount and a contact person for information regarding each district.

- (u) Have any property taxes or assessments on the Property been delinquent at any time during the past 3 years? YES NO. If yes, please explain.

- (v) Please attach a copy of the most recent tax bill for each parcel of the Property and evidence that current installments due have been paid (in the form of a copy of check, wire or receipt for payment).

- (w) Has any claim been made or suit been filed, or is any claim or suit now threatened against the Developer or the Property with respect to the Project? YES NO.

If yes, please attach a copy of the complaint, or if unavailable, please list the court in which the action is pending and the case number, or if the claim or action has not yet been filed please attach any documents summarizing the claim or action.

III. RELATED PROJECT INFORMATION

- (a) Has an absorption study been done for the Project within the last two years? YES NO. If yes, please provide a copy.

- (b) Has an appraisal been done for the Property within the last two years? YES NO. If yes, please provide a copy.

- (c) Is any of the Property (other than portions thereof that have been improved with completed residential or commercial structures) currently for sale? YES NO. If yes, please provide a copy of the sale terms.

IV. EXPERIENCE AND FINANCIAL CAPACITY OF DEVELOPER

- (a) Has the Developer, or any individual or entity which has an ownership interest in the Developer, ever defaulted in the payment of a special tax or an assessment on property owned by it? YES NO. If yes, please explain.

- (b) Is the Developer, or any individual or entity which has an ownership interest in the Developer, now in default on any loans, lines of credit or other obligation, or has the Developer (or related entity) been in default on any loans lines of credit or other obligation in the past five years? YES NO. If yes, please explain.

- (c) Has the Developer, or any individual or entity which has an ownership interest in the Developer, ever filed for bankruptcy or been declared a bankrupt? YES NO. If yes, specify date and location of court where bankruptcy action took place.

- (d) Have you prepared a business plan and/or pro forma for the proposed Project? YES NO. If YES, please attach a copy. If NO, please prepare a detailed pro forma and provide it as soon as possible.

- (e) Has the Developer, or any individual or entity which has an ownership interest in the Developer, ever failed to comply within the last five years with the terms of any agreement to provide continuing disclosure with respect to a bond issue? YES NO. If YES, please describe the bond issue and the nature of the failure to comply.

V. NOTICE REGARDING DISCLOSURE.

The Securities and Exchange Commission recently adopted amendments (the “Amendments”) to Rule 15c2-12 under the Securities Exchange Act of 1934 relating to certain required disclosure information that must be made available to prospective purchasers of municipal bonds. Under the Amendments, certain material information must be disclosed (i) in connection with the initial offering of bonds with respect to “material persons”; and (ii) on an ongoing basis with respect to “obligated persons.” Whether a property owner/developer might be a material person or an obligated person will depend on all of the facts and circumstances. If the information you provide in response to this questionnaire indicates this might be the case, the financing team will review with you the information that may need to be disclosed to potential bond investors in order to satisfy the Amendments.

The undersigned hereby certifies that all responses provided herein are true and correct.

By: [_____]

By: _____
[President/CEO/CFO/or Equivalent]

Staff Report

TO: City Council

FROM: Todd Parton, City Manager

DATE: February 19, 2019

SUBJECT: Approval of Resolution Authorizing Execution and Delivery of Acquisition Agreement in connection with Community Facilities District No. 2016-1 (the "District")

Background and Analysis:

Subsequent to a noticed public hearing on May 17, 2016, the City Council adopted resolutions which established the District, authorized the levy of a special tax within the District, determined the necessity to incur bonded indebtedness within the District, and called an election within the District on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit within the District. A landowner election on May 17, 2016, approved a rate and method of apportionment of special tax for the District.

Through approval of this acquisition agreement the City, the District and SDC Fairway Canyon, LLC ("SDC") will enter into an agreement pursuant to which SDC will be reimbursed for the costs relating to the design and construction of certain capital improvements from the Special Tax proceeds and bonds secured thereby.

The attached resolution authorizes the City's execution and delivery of the Acquisition Agreement in connection with Community Facilities District No. 2016-1.

Fiscal Impact:

None. The Acquisition Agreement merely sets forth the process by which SDC will be reimbursed from Special Tax proceeds and bond secured thereby.

Finance Director Review: 

Recommendation:

1. Waive the full reading and by title only "A Resolution of the City Council of the City of Beaumont Authorizing the Execution and Delivery of an Acquisition Agreement Relating to the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) and Approving Certain Documents and Taking Certain Other Actions in Connection Therewith"

City Manager Review:  _____

Attachments:

1. Resolution
2. Acquisition Agreement

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
BEAUMONT AUTHORIZING THE EXECUTION AND
DELIVERY OF AN ACQUISITION AGREEMENT RELATING TO
THE CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 2016-1 (FAIRWAY CANYON) AND APPROVING
CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER
ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the City Council (the “City Council”) of the City of Beaumont, California (the “City”), located in Riverside County, California, has heretofore undertaken proceedings and declared the necessity to issue bonds by the City of Beaumont Community Facilities District No. 2016-1 (the “District”) pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”); and

WHEREAS, pursuant to a resolution adopted by the City Council on May 17, 2016 and the Act, the City formed the District; and

WHEREAS, certain facilities (the “Facilities”) are eligible to be financed from a special tax for facilities levied within the District; and

WHEREAS the City now desires to approve the form of an Acquisition Agreement relating to the Facilities, by and among the City, the District and SDC Fairway Canyon, LLC (the “Acquisition Agreement”); and

NOW, THEREFORE, the City Council of the City of Beaumont does hereby resolve as follows:

SECTION 1. Each of the above recitals is true and correct, as is each of the findings and determinations set forth therein, and each of said recitals, findings and determinations is adopted by the City Council.

SECTION 2. The form of the Acquisition Agreement presented at this meeting is hereby approved; and any one of the Mayor, the City Manager, the Assistant City Manager, or the Finance Director of the City or the written designee of one of the foregoing (collectively, the “Authorized Officers”) is hereby authorized and directed to execute the Acquisition Agreement in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary to cure any defect or ambiguity therein if such change does not materially alter the substance or content thereof, with such approval to be conclusively evidenced by the execution and delivery of such Acquisition Agreement.

SECTION 3. Each of the Authorized Officers and the other officers and staff of the City of Beaumont responsible for the fiscal affairs of the City are hereby authorized and directed to take any actions and to execute and deliver any and all documents as are necessary to accomplish

the execution and delivery of the Acquisition Agreement and the issuance, sale and delivery of the “City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) 2019 Special Tax Bonds” in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as described in the Bond Indenture relating to such bonds. Any document authorized herein to be signed by the City Clerk may be signed by a duly-appointed deputy city clerk or assistant city clerk.

PASSED AND ADOPTED by the City Council of the City of Beaumont, California, this 19th day of February, 2019, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

MAYOR OF THE CITY OF BEAUMONT

ATTEST:

CITY CLERK

ACQUISITION AGREEMENT

by and among

CITY OF BEAUMONT,

**CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY
CANYON)**

and

SDC FAIRWAY CANYON, LLC

Dated as of _____ 1, 2019

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS.....	2
Section 1.1 Definitions.....	2
ARTICLE II FUNDING.....	4
Section 2.1 Issuance of Bonds.....	4
Section 2.2 Special Taxes and Bonds.....	5
Section 2.3 Net Proceeds.....	5
Section 2.4 Disclosure of Special Tax.....	6
ARTICLE III CONSTRUCTION AND ACQUISITION OF FACILITIES.....	6
Section 3.1 Duty of Owner to Construct.....	6
Section 3.2 Inspection.....	6
Section 3.3 Agreement to Sell and Acquire Facilities.....	6
Section 3.4 Payment Requests.....	7
Section 3.5 Payment.....	7
Section 3.6 Defective or Nonconforming Work.....	9
ARTICLE IV OWNERSHIP AND TRANSFER OF FACILITIES.....	9
Section 4.1 Facilities to be Owned by the City; Conveyance of Land and Easements to City.....	9
Section 4.2 Facilities to be Owned by the City; Title Evidence.....	9
Section 4.3 Facilities Constructed on Private Lands.....	10
Section 4.4 Facilities Constructed on City Land.....	10
Section 4.5 Maintenance and Warranties.....	10
ARTICLE V INSURANCE.....	11
Section 5.1 Insurance Requirements.....	11
Section 5.2 Standards Applicable.....	12
Section 5.3 Evidence of Insurance.....	12
ARTICLE VI REPRESENTATIONS, WARRANTIES AND COVENANTS.....	12
Section 6.1 Representations, Covenants and Warranties of the Owner.....	12
Section 6.2 Indemnification and Hold Harmless.....	13
ARTICLE VII TERMINATION.....	13
Section 7.1 Mutual Consent.....	13
Section 7.2 City Election to Terminate for Cause.....	14
Section 7.3 Force Majeure.....	15
ARTICLE VIII MISCELLANEOUS.....	15
Section 8.1 Limited Liability of City.....	15
Section 8.2 Excess Costs.....	15
Section 8.3 Review of Records.....	15
Section 8.4 Attorney's Fees.....	15
Section 8.5 Notices.....	15
Section 8.6 Severability.....	16

TABLE OF CONTENTS
(continued)

	Page
Section 8.7 Successors and Assigns.....	16
Section 8.8 Other Agreements.....	16
Section 8.9 Waiver.....	17
Section 8.10 Merger.....	17
Section 8.11 Parties in Interest.....	17
Section 8.12 Amendment.....	17
Section 8.13 Counterparts.....	17

List of Exhibits

- Exhibit A: Description of Authorized Facilities and Discrete Components Eligible for Acquisition from the Owner
- Exhibit B: Form of Payment Request (Facilities)
- Exhibit C: City CFD Policies

THIS ACQUISITION AGREEMENT (the "Acquisition Agreement"), dated as of _____ 1, 2019, is by and among the CITY OF BEAUMONT, a general law city (the "City"), the CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY CANYON), a community facilities district created pursuant to the Act (defined herein) (the "District"), and SDC FAIRWAY CANYON, LLC, a Delaware limited liability company (the "Owner").

RECITALS

A. **The District.** The City Council of the City has established the District under the Act for the financing of, among other things, the acquisition, construction and installation of public facilities identified in the proceedings to form the District therein, which include the facilities listed in Exhibit A hereto (the "Facilities").

B. **The Development.** The land within the District is currently expected to be developed with 372 dwelling units as part of a master-planned community commonly known as "Fairway Canyon," which is described as Tract 36558, lots 1 through 94; Tract 31462-7, lots 1 through 148; and Tract 31462-8, lots 1 through 130.

C. **The Facilities.** As part of the District formation proceedings, the Facilities were authorized to be acquired by the District, and the District proceedings contemplated that acquisition agreements would be entered into from time to time to describe the terms of such acquisition. The Facilities are within or serve the City and the City and the Owner will benefit from a coordinated plan of design, engineering and construction of the Facilities and the development of the land within the District. The facilities that are eligible for acquisition by the City from the Owner under this Acquisition Agreement are only the Facilities listed in Exhibit A hereto, as such Exhibit may be amended and/or supplemented by any Supplement approved by the City and Owner. All of the Facilities listed in Exhibit A have been completed.

D. **The Financing.** In order to, among other things, implement provisions of the Development Agreement, as defined below, the Owner, the District and the City wish to enter into this Acquisition Agreement to finance the acquisition of the Facilities, as defined below, and provide for the payment of the Facilities and Discrete Components thereof as shown in Exhibit A hereto (as it may be amended and supplemented by any Supplement).

E. **The Bonds.** The District may proceed with the authorization and issuance of the Bonds in one or more series under the Act and the Indenture, the proceeds of which Bonds shall be used, in part, to finance the Facilities.

F. **No Advantage to City Construction.** The City, by its approval of this Acquisition Agreement, has determined that it will obtain no advantage from undertaking the construction by the City directly of the Facilities and that the provisions of this Acquisition Agreement require that the Facilities constructed by the Owner and acquired with the funds in the Improvement Fund, as defined below, be constructed as if they had been constructed under the direction and supervision of the City. The Owner hereby represents that it has experience in the supervision of the construction of improvements of the character of the Facilities.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged,

the City, the District and the Owner agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

ARTICLE I DEFINITIONS

Section 1.1 Definitions. The following terms shall have the meanings ascribed to them in this Section 1.1 for purposes of this Acquisition Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

“Acceptable Title” means title to land or interest therein, in form acceptable to the Director, free and clear of all liens, taxes, assessments, leases, easements and encumbrances, whether or not recorded, but subject to any exceptions determined by the Director as not interfering with the actual or intended use of the land or interest therein. Notwithstanding the foregoing, an irrevocable offer of dedication may constitute land with an “Acceptable Title” if: (i) such offer is necessary to satisfy a condition to a tentative or final parcel map, (ii) such offer is in a form acceptable to the Director, (iii) the Director has no reason to believe that such offer of dedication will not be accepted by the applicable public agency, and (iv) the Owner commits in writing not to allow any liens to be imposed on such property prior to its acceptance.

“Acceptance Date” means the date the City Council (or other public entity which is to own a Facility) takes final action to accept dedication of or transfer of title to a Facility.

“Acquisition Agreement” means this Acquisition Agreement, together with any Supplement hereto.

“Act” means the Mello-Roos Community Facilities Act of 1982, Section 53311 et seq. of the California Government Code, as amended.

“Actual Cost” means the substantiated cost of a Facility or a Discrete Component, which costs may include: (i) the costs incurred for the construction of such Facility or Discrete Component, (ii) the costs incurred in preparing the Plans for such Facility or Discrete Component and the related costs of environmental evaluations of the Facility or Discrete Component, (iii) the fees paid to governmental agencies or utilities for obtaining permits, licenses or other governmental approvals for such Facility or Discrete Component, (iv) professional costs incurred that are associated with such Facility or Discrete Component, such as construction management and supervision (not to exceed 15% of the costs in (i) above), engineering, legal, accounting, inspection, construction staking, materials testing and similar professional services; and (v) the costs directly related to the construction and/or acquisition of a Facility or Discrete Component, such as costs of payment, performance and/or maintenance bonds, and insurance costs (including costs of any title insurance required hereunder) (but excluding the cost of real property unless paid to unrelated third parties).

“Affiliate” means any entity with respect to which fifty percent (50%) or more of the ownership or voting power is held individually or collectively by any of the Owner and any other entity owned, controlled or under common ownership or control by or with, as applicable, the Owner, and includes all general partners of any entity which is a partnership. Control shall mean ownership of fifty percent (50%) or more of the voting power of or ownership interest in the respective entity.

“Bonds” means the bonds to be issued by the District pursuant to the Act in one or more series.

“City” means the City of Beaumont, a general law city.

“Conditions of Approval” means, with respect to any portion of the property within the District, the conditions of approval of all land use entitlements approved by the City and the conditions of any development agreement, subdivision improvement agreement or other agreement between the Owner and the City relating to such property which conditions must be satisfied in order to develop such property.

“County” means the County of Riverside, California.

“Development Agreement” means the Development Agreement between the City of Beaumont and LB/L-SunCal Oak Valley LLC, recorded as Instrument No. 2003-977700 in the Riverside County Recorder’s Office on December 5, 2003, as assigned to the Owner.

“Director” means the Director of Public Works of the City, or his or her written designee acting as such under this Acquisition Agreement.

“Discrete Component” means a component of a Facility that the Director has agreed can be separately identified, inspected and completed, and be the subject of a Payment Request hereunder. The Discrete Components are described in Exhibit A hereto.

“District” means the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon), created by the City under the Act.

“Facilities” means the facilities described in Exhibit A hereto which are to be acquired with the proceeds of the Special Taxes and Bonds.

“Financing Policies” means the City of Beaumont’s Goals and Policies for Community Facilities Districts, as adopted May 8, 1995 by Resolution No. 1995-23, attached hereto as Exhibit C.

“Improvement Fund” means, (a) prior to the initial issuance of Bonds, the fund or account established by the City for the District, howsoever denominated, into which Net Proceeds of the Special Taxes are to be deposited, and (b) from and after the initial issuance of Bonds, the fund or account established under the Indenture for such Bonds, howsoever denominated, into which Net Proceeds of Bonds and Special Taxes are to be deposited.

“Indenture” means the bond indenture or similar document between the City and the Trustee for the District, providing for, among other matters, the issuance of the Bonds and the establishment of the Improvement Fund, as it may be amended from time to time.

“Net Proceeds” means (a) with respect to Special Taxes, the proceeds of such Special Taxes received prior to the initial issuance of Bonds and remaining after the payment or setting aside of, or provision for, administrative expenses of the District, and (b) with respect to Bonds, the proceeds of such Bonds remaining after the payment or setting aside of, or provisions for (i) the underwriter’s discount for such Bonds, (ii) the costs of issuance of such Bonds, including the costs of authorizing the Special Taxes and Bonds of the District incurred by the City and Owner, (iii) any required

reserve fund deposit for such Bonds, (iv) capitalized interest on such Bonds, and (v) pre funded administrative expenses of the District.

“Owner” means SDC Fairway Canyon, LLC, a Delaware limited liability company, and its successors or assigns to the extent permitted under Section 8.7 hereof.

“Payment Request” means a document, substantially in the form of Exhibit B hereto, to be used by the Owner in requesting payment of a Purchase Price.

“Plans” means the plans, specifications, schedules and related construction contracts for the Facilities and/or any Discrete Components thereof approved pursuant to the applicable standards of the City.

“Purchase Price” means the amount paid by the District for a Facility and/or any Discrete Components thereof determined in accordance with Article III hereof, being an amount equal to the Actual Cost of such Facility or Discrete Component, but subject to the limitations and reductions provided for in Article III.

“Rate and Method” means the rate and method of apportionment of the special taxes of the District approved by the qualified electors of the District.

“Special Taxes” means the special taxes for facilities in the District levied in accordance with the Rate and Method.

“Supplement” means a written document amending, supplementing or otherwise modifying this Acquisition Agreement and any exhibit hereto, including any amendments to the list of Discrete Components in Exhibit A, and/or the addition to Exhibit A of additional Facilities (and Discrete Components) to be financed with the proceeds of the Bonds deposited in the Improvement Fund eligible to be financed by the District.

“Trustee” means a financial institution in its capacity as trustee or fiscal agent under the Indenture, or any successor thereto acting as trustee or fiscal agent under the Indenture.

ARTICLE II
FUNDING

Section 2.1 Issuance of Bonds. Upon the written request of the Owner or City, the Owner and the City staff shall meet regarding the amount, timing and other material aspects of each series of the Bonds. The legal proceedings for the issuance of the Bonds and the series, principal amounts, rates, terms, conditions and timing of the sale of the Bonds shall be in all respects be solely determined by the City Council of the City, acting as the governing body of the District, in accordance with this Acquisition Agreement; provided that, subject to satisfaction of the applicable Financing Policies, sound municipal financing practices and the requirements of this Acquisition Agreement, as soon as possible following the execution of this Acquisition Agreement the City shall use commercially reasonable efforts to cause the District to issue and sell the Bonds in an amount sufficient to fund the Facilities. For purposes of sizing each series of Bonds, the priority annual administrative expense shall be \$30,000 for the District.

Prior to the Bonds being issued for the District, the Owner will be required to provide all information regarding the development of its property within the District, including the financing plan for such development, which is necessary to ensure that the official statement for such Bonds complies with the requirements of all applicable federal and state securities laws, including without limitation Rule 15c2-12 and Rule 10(b)-5 of the Securities and Exchange Commission (the "Commission"). Moreover, each property owner which is responsible for twenty percent (20%) or more of the maximum special tax within the District at the time each series of Bonds are issued (each a "Major Landowner") will be required to enter into a continuing disclosure agreement to provide such continuing disclosure pertaining to the development of the land owned by such Major Landowner in the District as necessary to assist the underwriter of the series of Bonds in complying with the continuing disclosure requirements of Rule 15c2-12 of the Commission and/or in marketing the Bonds. Each Major Landowner shall be required to execute a certificate in connection with each public sale of Bonds pursuant to which the Major Landowner shall indemnify and hold harmless City from claims arising from, or based upon, any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact in the above-referenced information.

Section 2.2 Special Taxes and Bonds. Prior to the issuance of the first series of Bonds for the District, the "Assigned Special Tax" has been and shall continue to be levied in each fiscal year on parcels classified as "Developed Property" pursuant to and as defined in the Rate and Method. The Net Proceeds of such Special Taxes have been and shall continue to be deposited in the Improvement Fund. In addition, the proceeds of each full or partial prepayment of Special Taxes attributable to eligible facilities prior to the issuance of Bonds shall be deposited in the Improvement Fund. The City, the District and the Owner are entering into this Acquisition Agreement and authorized the levy of the Special Taxes for the purpose of creating and allocating certain streams of revenues that are or will be available to pay directly or reimburse the costs of acquisition and construction of the Facilities and to pay debt service on Bonds and other indebtedness of the District. The District hereby irrevocably pledges the Net Proceeds of Special Taxes to the Owner for the reimbursement of costs of the Facilities, subordinate only to the payment of debt service on Bonds issued to fund such costs. Following the issuance of the Bonds, the District shall have no obligation to levy Special Taxes to pay directly for the Costs of reimbursing or paying the Developer for the Facilities. The Owner, the City and the District hereby acknowledge and agree that any reduction or termination of the Special Taxes by exercise of the initiative power or the exercise of discretion of the City or the District would constitute a substantial impairment of revenue stream of Special Taxes that the Owner, the City and the District intend to create for the purpose of providing an assured source of funding for such costs.

Section 2.3 Net Proceeds. The proceeds of the Bonds shall be deposited, held, invested, reinvested and disbursed as provided in the Indenture. The Net Proceeds of the Bonds will be set aside under the Indenture in the Improvement Fund. Moneys in the Improvement Fund shall be withdrawn therefrom in accordance with the provisions of the Indenture and the applicable provisions hereof for payment of all or a portion of the costs of construction and/or acquisition of the Facilities (including payment of the Purchase Price of Discrete Components thereof) all as herein provided. Funds in the Improvement Fund shall be reserved and disbursed in accordance with this Acquisition Agreement.

The Owner acknowledges that any lack of availability of amounts in the Improvement Fund to pay the Purchase Price of Facilities or any Discrete Components thereof shall in no way diminish any obligation of the Owner with respect to the construction of or contributions for public facilities and mitigation measures required by the Conditions of Approval or any subdivision, development or

other agreement to which the Owner is a party, or any governmental approval to which the Owner or any land within the District are subject.

Section 2.4 Disclosure of Special Tax. Copies of the executed "Notice of Special Tax" required by California Government Code Section 53341.5 provided to the purchaser of real property within the District shall be provided to the City Director of Finance. The Director of Finance's receipt of such "Notice of Special Tax" shall not be construed as City or District approval of the form of Notice or in any way make the City or District liable for deficiencies in such "Notice of Special Tax." Owner agrees to retain copies of the Notice of Special Tax it has provided to homebuyers within the District for a period of three (3) years and to provide them to the City upon City's written request.

ARTICLE III

CONSTRUCTION AND ACQUISITION OF FACILITIES

Section 3.1 Duty of Owner to Construct. All Facilities and Discrete Components thereof to be acquired hereunder shall have been constructed at the direction of the Owner in accordance with the approved Plans following the solicitation of competitive bids. The Owner shall have employed at all times adequate staff or consultants with the requisite experience necessary to bid, administer and coordinate all work related to the design, engineering, acquisition, construction and installation of the Facilities to be acquired by the City from the Owner hereunder.

Section 3.2 Inspection. No payment hereunder shall be made by the City to the Owner for a Facility or Discrete Component thereof until the Facility or Discrete Component thereof has been inspected and found to be completed in accordance with the Plans by the City or other applicable public entity or utility. However, due to the age of some of the Facilities it is understood that normal wear and tear and aging may have occurred which shall not be a basis for denial. The City shall make or cause to be made periodic site inspections of the Facilities or Discrete Components to be acquired hereunder on a timely basis; provided that in no event shall the City incur any liability for any delay in the inspection of any Facilities or Discrete Components. For Facilities to be acquired by other public entities or utilities, the Owner shall be responsible for obtaining such inspections and providing written evidence thereof to the Director. The Owner agrees to pay all inspection, permit and other similar fees of the City applicable to construction of the Facilities.

Section 3.3 Agreement to Sell and Acquire Facilities. The Owner hereby agrees to sell the Facilities and Discrete Components listed in Exhibit A hereto to the City and the City hereby agrees to use amounts in the Improvement Fund to pay the Purchase Price of each of such Facilities and Discrete Components to the Owner, subject to the terms and conditions hereof. The City shall not be obligated to acquire any Facility or Discrete Component until the Facility or Discrete Component is completed and the Acceptance Date for such Facility or Discrete Component has occurred; provided that the City has agreed hereunder to make payments to the Owner for certain Discrete Components of Facilities as shown in Exhibit A hereto. Notwithstanding the foregoing, all of the Facilities listed in Exhibit A have been completed. The Owner acknowledges that the Discrete Components have been identified for payment purposes only, and that the City shall not accept a Facility of which a Discrete Component is a part until the entire Facility has been completed. The City acknowledges that the Discrete Components do not have to be accepted by the City as a condition precedent to the payment of the Purchase Price therefor, but any such payment shall not be made until the Discrete Component has been completed in accordance with the Plans therefor, as

determined by the Director. In any event, the City shall not be obligated to pay the Purchase Price for any Facility or Discrete Component except from the moneys in the Improvement Fund.

Section 3.4 Payment Requests. In order to receive the Purchase Price for a completed Facility or Discrete Component, inspection thereof under Section 3.1 shall have been made and the Owner shall deliver to the Director: (i) a Payment Request in the form of Exhibit B hereto for such Facility or Discrete Component, together with all attachments and exhibits required by Exhibit B and this Section 3.3 to be included therewith (including, but not limited to Attachments 1 and 2 to Exhibit B), and (ii) if payment is requested for a completed Facility, (a) if the property on which the Facility is located is not owned by the City at the time of the request, a copy of the recorded documents conveying to the City Acceptable Title to the real property on, in or over which such Facility is located, as described in Section 4.1 hereof, (b) to the extent paid for with the proceeds of the Bonds, an assignment to the District of any reimbursements that may be payable with respect to the Facility, such as public or private utility reimbursements, and (c) an assignment of warranties and guaranties for such Facility, as described in Section 4.5 hereof, in a form acceptable to the City.

Upon receipt of a Payment Request (and all accompanying documentation), the Director shall conduct a review in order to confirm that such request is complete, that such Discrete Component or Facility identified therein was constructed in accordance with the Plans therefor, and to verify and approve the Actual Cost of such Discrete Component or Facility specified in such Payment Request. The Director shall also conduct such review as is required in his discretion to confirm the matters certified in the Payment Request. The Owner agrees to cooperate with the Director in conducting each such review and to provide the Director with such additional information and documentation as is reasonably necessary for the Director to conclude each such review. For any Facilities to be acquired by another public entity or utility, the Owner shall provide evidence acceptable to the Director that such Facilities are acceptable to such entity or utility. Within fifteen (15) business days of receipt of any Payment Request, the Director expects to review the request for completeness and notify the Owner whether such Payment Request is complete, and, if not, what additional documentation must be provided. If such Payment Request is complete, the Director expects to provide a written approval or denial (specifying the reason for any denial) of the request within thirty (30) calendar days of its submittal. However, the Facilities documentation will be delivered by Owner to City in large quantities which may be beyond the ability of City to process, in accordance with the forgoing timeframes. At the request of City or Owner, City may engage an outside contractor to review and process the Facilities documentation on behalf of the City the cost of which shall be borne by Owner subject to a written agreement executed by City and Owner. If a Payment Request seeking reimbursement for more than one Facility or Discrete Component is denied, the Director shall state whether the Payment Request is nevertheless approved and complete for any one or more Facilities or Discrete Components and any such Facilities or Discrete Components shall be processed for payment under Section 3.4 notwithstanding such partial denial. The City's and District's Costs associated with the acquisition of Facilities and processing of Payment Requests shall be reimbursed from the Improvement Fund or from amounts advanced by the Owner to the extent insufficient funds are on deposit in the Improvement Fund, which advances may be later reimbursed to the Owner out of the Improvement Fund.

Section 3.5 Payment. Upon approval of the Payment Request by the Director, the Director shall sign the Payment Request and forward the same to the City Director of Finance. Upon receipt of the reviewed and fully signed Payment Request, the City Director of Finance shall, within the then current City financial accounting payment cycle but in any event within fifteen (15) business days of receipt of the approved Payment Request, cause the same to be paid by the Trustee under the

applicable provisions of the Indenture, to the extent of funds then on deposit in the Improvement Fund. Any approved Payment Request not paid due to an insufficiency of funds in the Improvement Fund, shall be paid promptly following the deposit into the Improvement Fund of proceeds of any investment earnings or other amounts transferred to the Improvement Fund under the terms of the Indenture.

The Purchase Price paid hereunder for any Facility or Discrete Component shall constitute payment in full for such Facility or Discrete Component, including, without limitation, payment for all labor, materials, equipment, tools and services used or incorporated in the work, supervision, administration, overhead, expenses and any and all other things required, furnished or incurred for completion of such Facility or Discrete Component, as specified in the Plans.

The City shall withhold payment for any Discrete Component or Facility constructed on land not already owned by the City or other public entity, until Acceptable Title to such land is conveyed to the City or other public entity that will own the respective Facility, as described in Article IV hereof.

The City shall be entitled to withhold any payment hereunder for a Facility or Discrete Component that is the subject of a Payment Request until it is satisfied that any and all claims for labor and materials have been paid by the Owner for the Facility or Discrete Component that is the subject of a Payment Request, or conditional lien releases (and/or unconditional lien releases) have been provided by the Owner for such Facility or Discrete Component. The City, in its discretion, may waive this limitation upon the provision by the Owner of sureties, undertakings, securities and/or bonds of the Owner or appropriate contractors or subcontractors and deemed satisfactory by the Director to assure payment of such claims.

The City shall be entitled to withhold payment for any Facility (or final Discrete Component) hereunder to be owned by the City until: (i) the Director determines that the Facility is ready for its intended use, and (ii) the Acceptance Date for the Facility has occurred and the requirements of Section 4.1, if applicable to such Facility, have been satisfied. The City hereby agrees that the Owner shall have the right to post or cause the appropriate contractor or subcontractor to post a bond with the City to indemnify it for any losses sustained by the City because of any liens that may exist at the time of acceptance of such a Facility, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the Director. The City shall be entitled to withhold payment for any Facility (or the final Discrete Component of any such Facility) to be owned by other governmental entities, until the Owner provides the Director with evidence that the governmental entity has accepted dedication of and/or title to the Facility. If the Director determines that a Facility is not ready for intended use under (i) above, the Director shall so notify the Owner as soon as reasonably practicable in writing specifying the reason(s) therefor.

Nothing in this Acquisition Agreement shall be deemed to prohibit the Owner from contesting in good faith the validity or amount of any mechanics or materialman's lien nor limit the remedies available to the Owner with respect thereto so long as such delay in performance shall not subject the Facilities or any Discrete Component thereof to foreclosure, forfeiture or sale. In the event that any such lien is contested, the Owner shall only be required to post or cause the delivery of a bond in an amount equal to the amount in dispute with respect to any such contested lien sufficient to cause the release of such lien, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the Director.

Subject to the last paragraph of this Section 3.5, the City shall withhold in the Improvement Fund an amount equal to ten percent (10%) of the Purchase Price of each Discrete Component to be paid hereunder other than the final Discrete Component of any Facility. Any such retention will be released to the Owner upon final completion and acceptance of the related Facility.

Notwithstanding the foregoing, the Owner shall be entitled to payment of any such retention upon the completion and acceptance of a Discrete Component, if securities meeting the requirements of the California Public Contracts Code are deposited in lieu thereof. Payment of any retention shall also be contingent upon the availability of monies in the Improvement Fund therefore. No retention shall apply if the Owner proves to the Director's satisfaction that the Owner's contracts for the Discrete Components provide for the same retention as herein provided, so that the Purchase Price paid for the Discrete Component is at all times net of the required retention.

Section 3.6 Defective or Nonconforming Work. If any of the work done or materials furnished for a Facility or Discrete Component are found by the Director to be defective or not in accordance with the applicable Plans: (i) and such finding is made prior to payment for the Purchase Price of such Facility or Discrete Component hereunder, the City may withhold payment therefor until such defect or nonconformance is corrected to the satisfaction of the Director, or (ii) and such finding is made after payment of the Purchase Price of such Facility or Discrete Component, the City and the Owner shall act in accordance with the City's standard specification for public works construction.

**ARTICLE IV
OWNERSHIP AND TRANSFER OF FACILITIES**

Section 4.1 Facilities to be Owned by the City; Conveyance of Land and Easements to City. Acceptable Title to all property on, in or over which each Facility to be acquired by the City will be located, shall be deeded over to the City by way of grant deed, or dedication of such property, or easement thereon, if such conveyance of interest is approved by the City as being a sufficient interest therein to permit the City to properly own, operate and maintain such Facility located therein, thereon or thereover, and to permit the Owner to perform its obligations as set forth in this Acquisition Agreement. The Owner agrees to assist the City in obtaining such documents as are required to obtain Acceptable Title. Completion of the transfer of title to land shall be accomplished prior to the payment of the Purchase Price for a Facility (or the last Discrete Component thereof) and shall be evidenced by recordation of the acceptance thereof by the City Council or the designee thereof.

Section 4.2 Facilities to be Owned by the City; Title Evidence. The Owner shall furnish to the City a preliminary title report for land with respect to Facilities to be acquired by the City and not previously dedicated or otherwise conveyed to the City, for review and approval at least thirty (30) business days prior to the transfer of the Acceptable Title to a Facility to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the judgment of the City, could materially affect the City's use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to the land with respect to such Facility or pay the Purchase Price for such Facility (or the last Discrete Component thereof) until the Owner has cured such objections to title to the reasonable satisfaction of the City and caused a standard title insurance policy to be issued to the City with respect to such land in the amount of the Purchase

Price. In the event the Owner cannot cure such objections to title, City agrees to consider the use of eminent domain pursuant to Section 4.3 hereof for such purpose.

Section 4.3 Facilities Constructed on Private Lands. If any Facilities to be acquired are located on privately-owned land, the owner thereof shall retain title to the land and the completed Facilities until acquisition of the Facilities under Article III hereof. Pending the completion of such transfer, the Owner shall not be entitled to receive any payment for any such Facility or the last Discrete Component thereof. The Owner shall, however, be entitled to receive payment for Discrete Components (other than the last Discrete Component) upon making an irrevocable offer of dedication of such land in form and substance acceptable to the Director. Notwithstanding the foregoing, upon written request of the City before payment for any Discrete Component of such a Facility, the Owner shall convey or cause to be conveyed Acceptable Title thereto in the manner described in Sections 4.1 and 4.2 hereof.

It shall be the responsibility of the Owner to acquire all property rights on property which is not owned by the City or the Owner which is necessary for the construction of any of the Facilities. In the event, despite its exercise of best efforts to do so, the Owner is unable to acquire such property rights, the City shall in good faith consider the undertaking of proceedings to acquire such property rights through its exercise of the power of eminent domain, and the costs of such proceedings and acquisition shall be the responsibility of the Owner and shall comprise part of the Purchase Price of the related Facility.

Section 4.4 Facilities Constructed on City Land. If the Facilities to be acquired are on land owned by the City, including land as to which the City has acquired sufficient property rights in the manner described in Section 4.3 or otherwise, the City hereby grants to the Owner a license to enter upon such land for purposes related to the construction (and maintenance pending acquisition) of the Facilities. The provisions for inspection and acceptance of such Facilities otherwise provided herein shall apply.

Section 4.5 Maintenance and Warranties. The Owner shall maintain or cause to be maintained each Discrete Component in good and safe condition until the Acceptance Date of the Facility of which such Discrete Component is a part. Prior to the Acceptance Date, the Owner shall be responsible for performing any required maintenance on any completed Discrete Component or Facility. On or before the Acceptance Date of the Facility, the Owner shall assign to the City all of the Owner's rights in any warranties, guarantees, maintenance obligations or other evidence of contingent obligations of third persons with respect to such Facility. For each Facility to be owned by the City, the Owner shall provide a warranty bond reasonably acceptable in form and substance to the Director to remain in effect for a period of one year from the date of acceptance of each Facility. The City shall be responsible for maintenance of each Facility from and after the Acceptance Date thereof, except that with respect to landscaping improvements, the Owner shall maintain or cause to be maintained such landscape improvements for a period of one year following the Acceptance Date thereof or shall provide a bond reasonably acceptable in form and substance to the Director for such period and for such purpose (for landscaping improvements only, and for the posting of a warranty bond to remain in effect for one year as to other Facilities), to insure that defects, which appear within said period will be repaired, replaced, or corrected by the Owner, at its own cost and expense, to the satisfaction of the Director. The Owner shall commence to repair, replace or correct any such defects within thirty (30) days after written notice thereof by the City to the Owner, and shall complete such repairs, replacement or correction as soon as practicable. Any warranties, guarantees

or other evidences of contingent obligations of third persons with respect to the Facilities to be acquired by the City shall be delivered to the Director as part of the transfer of title.

ARTICLE V INSURANCE

Section 5.1 Insurance Requirements. The Owner shall, at all times prior to the final Acceptance Date of all Facilities, maintain and deliver to the City evidence of and keep in full force and effect, not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policies satisfactory to the Director: (i) Workers Compensation and Employer's Liability - Workers' Compensation - coverage as required by law; Employer's Liability - limits of at least \$1,000,000.00 per occurrence; (ii) Comprehensive General Liability - Combined Single Limit - \$2,000,000.00; (iii) Automobile Liability - Combined Single Limit - \$1,000,000.00; and (iv) Errors and Omissions Insurance - Combined Single Limit - \$2,000,000.00.

All of the Owner's insurance policies shall contain an endorsement providing that written notice shall be given to the City at least 30 calendar days prior to termination or cancellation of coverage of the policy.

The Comprehensive General Liability and Bodily Injury and Property Damage Liability policies shall contain the following:

(a) An endorsement extending coverage to the City and its agents as an additional insured, as respects liabilities arising out of the performance of any work related to the Facilities. Which insurance shall be primary insurance as respects the interest of the City, and any other insurance maintained by the City shall be excess and not contributing insurance with the insurance required hereunder.

(b) Severability of interest clause.

(c) Provision or endorsement stating that such insurance, subject to all of its other terms and conditions, applies to contractual liability assumed by the Owner.

Promptly on execution of this Acquisition Agreement by the Owner, the Owner shall deliver to the Director copies of all required certificates of insurance and endorsements thereto on forms which are acceptable to the Director and the City Attorney.

The Owner shall require and verify similar insurance on the part of its contractors and subcontractors.

The foregoing requirements as to the types, limits and City approval of insurance coverage to be maintained by the Owner are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by the Owner under this Acquisition Agreement.

Any policy or policies of insurance that the Owner or its contractors or subcontractors elect to carry as insurance (i) against loss or damage to their construction equipment and tools or other personal property used in fulfillment of this Acquisition Agreement or a contract related to the Facilities shall include a provision waiving the insurer's right of subrogation against the City, and (ii) in fulfillment of this Acquisition Agreement involving a dual obligee bond may contain a clause

to the effect that: “provided that Principal and Surety shall not be liable to the Obligees or any of them unless the Obligees or any of them have performed the obligations to the Principal in accordance with the terms of said contract; and provided, further, that Principal and Surety shall not be liable to all Obligees in the aggregate in excess of the penal sum above stated.”

Section 5.2 Standards Applicable. The Owner may effect such coverage under blanket insurance policies, provided, however, that (i) such policies are written on a per occurrence basis, (ii) such policies comply in all other respects with the provisions of Section 5.1, and (iii) the protection afforded the City under any such policy shall be no less than that which would be available under a separate, policy relating only to this Acquisition Agreement. All policies of insurance shall be with companies licensed or approved by the State of California Insurance Commissioner and rated (i) A or better with respect to primary levels of coverage, and (ii) B+12 or better with respect to excess levels of coverage, in the most recent edition of Best’s Insurance Guide and shall be issued and delivered in accordance with State law and regulations.

Section 5.3 Evidence of Insurance. Prior to the Acceptance Date, the Owner shall furnish to the City, from time to time upon request of the Director, a certificate of insurance regarding each insurance policy required to be maintained by the Owner hereunder.

ARTICLE VI

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 6.1 Representations, Covenants and Warranties of the Owner. The Owner represents and warrants for the benefit of the City, as follows:

(a) **Organization.** Owner is a California limited liability company and is validly doing business and in good standing in the State of California, is in compliance with all applicable laws of the State, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) **Authority.** The Owner has the power and authority to enter into this Acquisition Agreement, and has taken all action necessary to cause this Acquisition Agreement to be executed and delivered, and this Acquisition Agreement has been duly and validly executed and delivered by the Owner.

(c) **Binding Obligation.** This Acquisition Agreement is a legal, valid and binding obligation of the Owner, enforceable against the Owner in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) **Compliance with Laws.** The Owner shall not with knowledge commit, suffer or permit any act to be done in, upon or to the lands of the Owner in the District or the Facilities in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Facilities.

(e) **Requests for Payment.** The Owner represents and warrants that (i) it will not request payment from the City for the acquisition of any improvements that are not part of the Facilities, and (ii) it will diligently follow all procedures set forth in this Acquisition Agreement with respect to the Payment Requests.

(f) Financial Records. Until the final acceptance of the Facilities, the Owner covenants to maintain proper books of record and account for the construction of the Facilities and all costs related thereto. Which accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agent at any reasonable time during regular business hours on reasonable notice.

(g) Prevailing Wages. The Owner covenants that, with respect to any contracts or subcontracts for the construction of the Facilities to be acquired from the Owner hereunder, it has assured complete compliance with any applicable law or regulation for the payment of prevailing wages for such construction.

(h) Plans. The Owner represents that it has obtained or will obtain approval of the Plans for the Facilities to be acquired from the Owner hereunder from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Owner further agrees that the Facilities to be acquired from the Owner hereunder have been or will be constructed in full compliance with such approved plans and specifications and any supplemental agreements (change orders) thereto, as approved in the same manner.

Section 6.2 Indemnification and Hold Harmless. The Owner shall assume the defense of, indemnify and save harmless the City, members of the City Council, their officers, officials, employees and agents and each of them, from and against all actions, damages, claims, losses or expense of every type and description to which they may be subjected or put, by reason of, or resulting from the breach of any provision of this Acquisition Agreement by the Owner, the Owner's or any other entity's negligent design, engineering and/or construction of any of the Facilities acquired from the Owner hereunder, the Owner's non-payment under contracts between the Owner and its consultants, engineer's, advisors, contractors, subcontractors and suppliers in the provision of the Facilities, any claims of persons employed by the Owner or its agents to construct the Facilities, claims for damages to persons or property related to the actions of Owner contemplated by this Acquisition Agreement or any claims arising out of any alleged misstatement of a material fact or omission of a material fact with respect to provisions in any Official Statement for the Bonds for which the Owner certifies in a customary certificate executed in connection with the printing of the Official Statement for such Bonds. Notwithstanding the foregoing, no indemnification is given hereunder for any action, damage, claim, loss or expense directly attributable solely to the intentional acts or negligence of the City, or its officers, directors, employees or agents hereunder.

No provision of this Acquisition Agreement shall in any way limit the Owner's responsibility for payment of damages resulting from the operations of the Owner, its agents, employees or its contractors.

ARTICLE VII TERMINATION

Section 7.1 Mutual Consent. This Acquisition Agreement may be terminated by the mutual, written consent of the City and the Owner, in which event the City may let contracts for any remaining work related to the Facilities not theretofore acquired from the Owner hereunder, and use all or any portion of the monies in the Improvement Fund to pay for same, and the Owner shall have no claim or right to the Purchase Price of Facilities or Discrete Components hereunder, except as otherwise may be provided in such written consent. In any event, this Acquisition Agreement shall

terminate upon the earlier of (i) ten (10) years following the issuance of building permits for all dwelling units expected to be built within the District or (ii) the funding of all Facilities pursuant to this Acquisition Agreement.

Section 7.2 City Election to Terminate for Cause. The following events shall constitute grounds for the City, at its option and in its sole discretion, to terminate this Acquisition Agreement, without the consent of the Owner:

(a) The Owner shall voluntarily file for reorganization or other relief under any Federal or State bankruptcy or insolvency law.

(b) The Owner shall have any involuntary bankruptcy or insolvency action filed against it, or shall suffer a trustee in bankruptcy or insolvency or receiver to take possession of the assets of Owner, or shall suffer an attachment or levy of execution to be made against the property it owns within the District unless, in any of such cases, such circumstance shall have been terminated or released within ninety (90) days thereafter.

(c) The Owner shall abandon construction of the Facilities. Failure for a period of six consecutive months to undertake substantial work related to the construction of Facilities that are required to be constructed at that time pursuant to the Conditions of Approval, other than for a reason specified in Section 7.3 hereof, shall constitute a non-inclusive example of such abandonment.

(d) The Owner shall breach any material covenant or default in the performance of any material obligation hereunder.

(e) The Owner shall transfer any of its rights or obligations under this Acquisition Agreement without the prior written consent of the City or as otherwise permitted hereunder.

(f) The Owner shall have made any material misrepresentation or omission of any written materials furnished in connection with any preliminary official statement, official statement or bond purchase contract used in connection with the sale of any series of the Bonds.

If any such event occurs, the City shall give written notice of its knowledge thereof to the Owner, and the Owner agrees to meet and confer with the Director and other appropriate City staff and consultants as to options available to assure timely completion of the Facilities. Such options may include, but not be limited to the termination of this Acquisition Agreement by the City. If the City elects to terminate this Acquisition Agreement, the City shall first notify the Owner (and any mortgagee or trust deed beneficiary specified in writing by the Owner to the City to receive such notice) of the grounds for such termination and allow the Owner a reasonable period (minimum of thirty (30) days) to eliminate or mitigate to the satisfaction of the Director the grounds for such termination. Such period may be extended, at the sole discretion of the City, if the Owner, to the satisfaction of the City, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof, as determined solely by the City), the Owner has not eliminated or completely mitigated such grounds, to the satisfaction of the City, the City may then terminate this Acquisition Agreement.

Notwithstanding the foregoing, so long as any event listed in any of clauses (a) through and including (f) above has occurred, notice of which has been given by the City to the Owner, and such

event has not been cured or otherwise eliminated by the Owner, the City may in its sole discretion cease making payments for the Purchase Price of Facilities or Discrete Components under Article V hereof.

Section 7.3 Force Majeure. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes, inclement weather or other acts of God, war, civil commotion, riots, strikes, acts of terrorism, picketing, other labor disputes, damage to work in progress by casualty, government shutdowns, moratoria or other restrictive laws or regulations, or the acts, omissions or breach of agreement by the other party to this Acquisition Agreement or its agents, contractors or subcontractors, or by other cause beyond the reasonable control of the party (financial inability excepted), then the specified time for performance shall be extended by the amount of the delay actually so caused.

ARTICLE VIII MISCELLANEOUS

Section 8.1 Limited Liability of City. The Owner agrees that any and all obligations of the City arising out of or related to this Acquisition Agreement are special and limited obligations of the District and City and the City's obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Improvement Fund and from no other source. No member of the City Council, or City staff member, employee or agent shall incur any liability hereunder to the Owner or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 8.2 Excess Costs. Subject to the limitations of this Acquisition Agreement, the Owner agrees to pay all costs of the Facilities that it is obligated to construct in excess of the monies available therefor in the Improvement Fund.

Section 8.3 Review of Records. The Director and/or the Finance Manager or other finance officer of the City shall have the right, during normal business hours and upon the giving of two (2) business days prior written notice to the Owner, to review all books and records of the Owner pertaining to the Actual Cost incurred by the Owner in to any of the Facilities, and any bids taken or received for the construction thereof or materials therefor. Owner shall have the right, during normal business hours and upon the giving of two (2) business days prior written notice to the Finance Manager, to review all books and records of the City and District pertaining to the Special Taxes and Bonds and DIFs.

Section 8.4 Attorney's Fees. In the event that any action or suit is instituted by either party against the other arising out of this Acquisition Agreement, the party in whose favor final judgment shall be entered shall be entitled to recover from the other party all costs and expenses of suit, including reasonable attorneys' fees.

Section 8.5 Notices. Any notice, payment or instrument required or permitted by this Acquisition Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered, or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by overnight delivery an original of the same within twenty-four hours after such transmission), addressed as follows:

City and District: City of Beaumont
550 East 6th Street
Beaumont, CA 92223
Attention: City Manager, City Clerk

With a copy to: John Pinkney
Slovak Baron Empey Murphy & Pinkney, LLP
1800 E. Tahquitz Canyon Way
Palm Springs, CA 92262

Owner: SDC Fairway Canyon, LLC
2392 Morse Avenue
Irvine, California 92614
Attention: Bruce Cook, General Counsel

With a copy to: Argent Management
2392 Morse Avenue
Irvine, CA 92614
Attention: Mike Turner

and a copy to: Doug Praw
Holland & Knight LLP
400 South Hope Street, 8th Floor
Los Angeles, CA 90071

Each party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

Section 8.6 Severability. If any part of this Acquisition Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Acquisition Agreement shall be given effect to the fullest extent possible.

Section 8.7 Successors and Assigns. This Acquisition Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Acquisition Agreement shall not be assigned by the Owner, except in whole to an Affiliate, or to any other entity of which the Owner and/or its members or partners will be managing members or general partners which assume all of the Owner's obligations hereunder (which transfer is expressly authorized hereunder, upon prior written notice to the City without further act of the City), without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed. In connection with any required consent of the City, the City may condition its consent upon the acceptability of the financial condition of the proposed assignee, the assignee's express assumption of all obligations of the Owner hereunder, and/or upon any other factor which the City deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned, and shall not be effective until approved by the City. Without the City's written consent, no assignment shall release the Owner from its obligations and liabilities under this Acquisition Agreement.

Section 8.8 Other Agreements. The obligations of the Owner hereunder shall be those of a party hereto and not as an owner of property in the District. Nothing herein shall be construed as

affecting the City's or the Owner's rights, or duties to perform their respective obligations, under other agreements, if any, use regulations or subdivision requirements relating to the development of the lands in the District. This Acquisition Agreement shall not confer any additional rights, or waive any rights given, by either party hereto under any development or other agreement to which they are a party.

Section 8.9 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Acquisition Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Acquisition Agreement thereafter.

Section 8.10 Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Acquisition Agreement shall be binding.

Section 8.11 Parties in Interest. Nothing in this Acquisition Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City, the District and the Owner any rights, remedies or claims under or by reason of this Acquisition Agreement or any covenants, conditions or stipulations hereof; and all covenants, conditions, promises, and agreements in this Acquisition Agreement contained by or on behalf of the City, the District or the Owner shall be for the sole and exclusive benefit of the City, the District and the Owner.

Section 8.12 Amendment. This Acquisition Agreement may be amended, from time to time, by written Supplement hereto and executed by the City, the District and the Owner; provided, further, that Exhibit A may be modified to add additional authorized facilities or make adjustments to the existing Facilities only with the written approval of the City Council and the Owner.

Section 8.13 Counterparts. This Acquisition Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 8.14 Termination. This Acquisition Agreement shall terminate and be of no further force as of December 31, 2024, unless extended by agreement of all the parties. If the Acquisition Agreement is terminated as provided herein, none of the City, the District or the Owner shall have any further responsibility or liability pursuant to this Acquisition Agreement. Upon the termination of this Agreement, the City shall direct the use of any remaining Bond or Special Tax proceeds to complete any remaining authorized facilities, redeem Bonds or use in any way permitted by the Act.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Acquisition Agreement as of the day and year first-above written.

CITY OF BEAUMONT

By: _____

ATTESTED TO:

City Clerk

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 2016-1 (FAIRWAY CANYON)

By: _____

ATTESTED TO:

City Clerk

SDC FAIRWAY CANYON, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

**ACQUISITION AGREEMENT
(CFD NO. 2016-1 (FAIRWAY CANYON))**

EXHIBIT A

**DESCRIPTION OF FACILITIES AND DISCRETE COMPONENTS ELIGIBLE FOR
ACQUISITION FROM THE OWNER**

Facility ^{1, 2}	Estimated Cost
Sewer Lift Stations – Palmer Ave & PA1 Sewer Lift stations, Force Mains & 15” PVC trunk main	\$4,657,426
Storm Drain Imps. Phase 1 - Tract 31462, Cherry Valley Blvd., Palmer Ave., & Champions	\$1,915,860
Tunnels Phase 1 – Cherry Valley Blvd., Tunnels T-1, T-2, Bridge B	\$1,104,935
Gas Line Relocation – Oak Valley Pkwy.	\$614,031
Dry Utilities – Phase 1 Infrastructure	\$637,867
Dry Utilities – Phase 3 Infrastructure	\$653,224
Wastewater Treatment Plant - Grading	\$425,036
Engineering and Consulting Services – Phases 1 & 3	\$2,649,378
Agency Fees, Bonds & Permits Phases 1 & 3	\$1,236,376
Street Improvements – Phase 2 Tukwet Canyon Pkwy. (Champions to Michelson)	\$300,000
Sewer & Storm Drain Improvements – Phase 2 Infrastructure	\$400,000
Tunnel Phase 2 – 1 Tunnel (Stewart)	\$600,000
Dry Utilities – Phase 2 Infrastructure	\$400,000
Engineering and Consulting Services – Phase 2	\$255,000
Agency Fees, Bonds & Permits Phase 2	\$119,000

- ¹ The description of the above Facilities shall also include any appurtenant cost required for completion of such Facility including, but not limited to, grading, wet utility improvements, paving, dry utilities, performance bonds, design, planning, and engineering costs, etc.
- ² Unless agreed to otherwise by the Owner and the City, dry utility cost reimbursements shall not exceed 5% of the proceeds of any series of Bonds.

ACQUISITION AGREEMENT

EXHIBIT B

FORM OF PAYMENT REQUEST (FACILITIES)

PAYMENT REQUEST NO. ____

The undersigned (the "Owner"), hereby requests payment to the Payees listed on Attachment 2 in the total amount of \$_____ for the Facilities (as defined in the Acquisition Agreement, dated as of _____ 1, 2019 by and among the City of Beaumont (the "City"), the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) and the Owner), or Discrete Components thereof (as described in Exhibit A to that Acquisition Agreement), all as more fully described in Attachment 1 hereto. In connection with this Payment Request, the undersigned hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized officer of the Owner, qualified to execute this Payment Request for payment on behalf of the Owner and is knowledgeable as to the matters set forth herein.

2. All costs of the Facilities or Discrete Components thereof for which payment is requested hereby are Actual Costs (as defined in the Acquisition Agreement referenced above) and have not been inflated or misrepresented in any respect. The items for which payment is requested have not been the subject of any prior payment request submitted to the City.

3. Supporting documentation (such as third party invoices) is attached with respect to each cost for which payment is requested.

4. There has been full compliance with applicable laws relating to prevailing wages for the work to construct the Facilities or Discrete Components thereof for which payment is requested.

5. The Facilities or Discrete Components thereof for which payment is requested were constructed in accordance with all applicable City or other governmental standards, and in accordance with Plans approved by the City.

6. The Owner is in compliance with the terms and provisions of the Acquisition Agreement.

7. The Purchase Price for each Facility or Discrete Component (a detailed calculation of which is shown in Attachment 2 hereto for each such Facility or Discrete Component), has been calculated in conformance with the terms of the Acquisition Agreement.

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

Dated: _____

OWNER:
SDC FAIRWAY CANYON, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

Dated: _____

CITY:

Payment Request Approved for Submission to
Finance Manager

By: _____
Director of Public Works

ACQUISITION AGREEMENT

ATTACHMENT 1

EXHIBIT B

[List here all Facilities or Discrete Components thereafter which payment is requested, and attach support documentation.]

ACQUISITION AGREEMENT

ATTACHMENT 2

EXHIBIT B

CALCULATION OF PURCHASE PRICE

[Use a separate sheet for each Facility or Discrete Component for which payment is being requested]

- | | | |
|----|--|----|
| 1. | Description (by reference to Exhibit A to the Acquisition Agreement) of the Facility or Discrete Component | \$ |
| 2. | Actual Cost (list here total of supporting invoices and/or other documentation supporting determination of Actual Cost): | \$ |
| 3. | Subtractions from Purchase Price: | \$ |
| | A. Holdback for Lien releases (if any, see Section 3.4 of the Acquisition Agreement) | \$ |
| | B. Retention (if any, see Section 3.4 of the Acquisition Agreement) | \$ |
| 4. | Total disbursement requested (Amount listed in 2, less amounts, if any, listed in 3) | \$ |

Payment shall be directed to following payee(s):

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

OWNER:

Dated: _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

CITY:

Payment Request Approved for Submission to
Finance Manager

Dated: _____

By: _____

Director of Public Works

ACQUISITION AGREEMENT

EXHIBIT C

CITY CFD POLICIES

Staff Report

TO: City Council
FROM: Todd Parton, City Manager
DATE: February 19, 2019
SUBJECT: Authorizing the Issuance of Community Facilities District No. 2016-1 (Fairway Canyon) 2019 Special Tax Bonds

Background and Analysis:

The City formed the Community Facilities District 2016-1 on May 17, 2016. Subsequent to a noticed public hearing on May 17, 2016, the City Council adopted resolutions which established the District, authorized the levy of a special tax within the District, determined the necessity to incur bonded indebtedness within the District, and called an election within the District on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit within the District.

On May 17, 2016, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed \$13,000,000 and approved a rate and method of apportionment of special tax for the District.

The District includes 372 residential lots located in the northwestern part of the City. More specifically, the District is located north of Oak Valley Parkway along Tukwet Canyon Parkway. SDC Fairway Canyon, LLC, a Delaware limited liability company ("SDC"), is the master developer of the property within the District. The Developer has entered into a Development Management Agreement with Argent Management LLC, a Delaware limited liability company, to perform development management functions with respect to the development within the District.

Of the 372 parcels within the District, 131 parcels have been sold to individual homeowners and are being assessed for FY 2018-19, an additional 170 homes have been completed and sold to individual homeowners for a total of 301 parcels owned by individual homeowners, 38 are either completed and unsold or under construction and 33 remain as vacant lots.

The aggregate assessed value of the property within the District for FY 2018-19 subject to the levy of the Special Tax is \$50,978,300. The aggregate value of the appraised properties as of January 1, 2019, is \$66,520,00 for a total value of \$117,498,300, resulting in an estimated assessed/appraised value-to-lien ratio of approximately 13.6-to-1* for the property subject to the Special Tax levy based on the principal amount of the Bonds and 10.92-to-1* based on all overlapping debt.

The proposed 2019 Special Tax Bonds (“2019 Bonds”) are expected to be issued in a par amount of approximately \$8,635,000 with a final maturity of 2049. Proceeds from the 2019 Bonds will be primarily used to reimburse SDC for the cost of public facilities financed by SDC which benefited the District. A description of such facilities is contained in Exhibit A to the Acquisition Agreement and in the Preliminary Official Statement (the “Facilities”).

The attached resolutions approve the Acquisition Agreement, as well as the issuance of the Bonds and the forms of an Indenture, Bond Purchase Agreement, Continuing Disclosure Agreement and Preliminary Official Statement. The Preliminary Official Statement contains the SEC mandated disclosure related to the Cease and Desist Order and the Beaumont Financing Authority’s compliance history with its continuing disclosure undertakings. As part of its obligations under federal securities laws, the Council should review the Preliminary Official Statement. The Acquisition Agreement establishes the terms pursuant to which the District will reimburse SDC for the CFD eligible facilities which SDC has completed and conveyed to the City.

The table below highlights a few estimated financing statistics of the 2019 Bonds (based on current market conditions).

Summary of Financing Statistics*	
Par Amount	\$8,635,000
Average Coupon	4.97%
Total Interest Cost	4.62%
Average Annual Debt Service (over 30-Years)	\$549,769
Average Annual Debt Service Per Parcel FY18-19**	\$1,456

**Preliminary; Subject to Change; Based on Current Market Conditions*

As required under Section 5852.1 of the California Government Code (Code), below are the good faith estimates as provided by the Municipal Advisor and Underwriter:

1. The true interest cost of the bonds is estimated at 4.62%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.

** Preliminary, subject to change.*

2. The finance charge of the 2019 Bonds, including underwriter's discount and all other fees and charges paid to third parties, is estimated at \$302,525.
3. Proceeds of the 2019 Bonds received by the District for the sale of the 2019 Bonds, including the estimated principal amount of the proposed 2019 Bonds of \$8,635,000 plus the net premium of \$468,708, finance charges, and an estimated amount of \$546,250 to be deposited into the reserve account under the Indenture, is equal to \$9,103,708, which will be available to finance the project.
4. The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$16,748,107.

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

Acquisition Agreement:

As part of the District formation proceedings, the Facilities were authorized to be acquired by the District, and the District proceedings contemplated that acquisition agreements would be entered prior to the issuance on of 2019 Bonds. The Facilities are within or serve the City and the City and the District will benefit from a coordinated plan of design, engineering and construction of the Facilities and the development of the land within the District. The Facilities that are eligible for acquisition by the City from Argent are listed in the Acquisition Agreement. All the Facilities listed for purchase from SDC have been completed.

The attached resolutions authorize the City and the District to execute the Acquisition Agreement.

Fiscal Impact:

The Bonds are paid from special taxes levied in the District. There is no fiscal impact to the City's General Fund. The City will, however, be required to provide administration for the District, which will be funded as part of the annual special tax levy.

The average annual special tax attributable to each parcel, will be approximately \$1,685.69 for Fiscal Year 2019-20, which is the assigned special tax rate. These figures are preliminary and subject to prevailing market conditions at the time of sale.

The Acquisition Agreement merely sets forth the process by which SDC will be reimbursed from bond and special tax proceeds.

Finance Director Review:



Recommendation:

1. Waive the full reading and adopt by title only "A Resolution of the City Council of the City of Beaumont, Acting as the Legislative body of the City of Beaumont Community Facilities No. 2016-1 (Fairway Canyon), Authorizing the Issuance of Its 2019 Special Tax Bonds in an Aggregate Principal Amount Not to Exceed \$10,000,000 and Approving Certain Documents and Taking Certain Other Actions in Connection Therewith."

City Manager Review:



Attachments:

- A. Good Faith Estimate
- B. Resolution Authorizing the Issuance of Bonds
- C. Acquisition Agreement
- D. Indenture of Trust
- E. Bond Purchase Agreement
- F. Property Appraisal Report
- G. Preliminary Official Statement

ATTACHMENT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2019 Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by Urban Futures, Inc., the District's Municipal Advisor (the "Municipal Advisor") in consultation with Piper Jaffray (the "Original Purchaser").

Principal Amount. The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the 2019 Bonds to be sold is \$8,635,000 (the "Estimated Principal Amounts").

True Interest Cost of the Bonds. The Municipal Advisor has informed the District that, assuming that the respective Estimated Principal Amounts of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the 2019 Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2019 Bonds, is 4.62%.

Finance Charge of the Bonds. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amounts of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the 2019 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2019 Bonds), is \$302,525. Additionally, there will be an annual Trustee fee of \$1,800 for as long as the 2019 Bonds are outstanding.

Amount of Proceeds to be Received. The Municipal Advisor has informed the District that, assuming the Estimated Principal Amounts of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for sale of the 2019 Bonds, less the finance charge of the 2019 Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the 2019 Bonds, is \$8,254,933.

Total Payment Amount. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amounts of the 2019 Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the 2019 Bonds, plus the

finance charge for the 2019 Bonds, as described above, not paid with the respective proceeds of the 2019 Bonds, calculated to the final maturity of the 2019 Bonds, is \$16,748,107. Additionally, there will be an annual Trustee fee of \$1,800 for as long as the 2019 Bonds are outstanding.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the 2019 Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the 2019 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of 2019 Bonds sold being different from the respective Estimated Principal Amounts, (c) the actual amortization of the 2019 Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the 2019 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the District's financing plan, or a combination of such factors. The actual date of sale of the 2019 Bonds and the actual principal amount of 2019 Bonds sold will be determined by the District based on various factors. The actual interest rates borne by the 2019 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the 2019 Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
BEAUMONT, ACTING AS THE LEGISLATIVE BODY OF THE
CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT
NO. 2016-1 (FAIRWAY CANYON), AUTHORIZING THE
ISSUANCE OF ITS 2019 SPECIAL TAX BONDS IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$10,000,000 AND APPROVING CERTAIN DOCUMENTS AND
TAKING CERTAIN OTHER ACTIONS IN CONNECTION
THEREWITH**

WHEREAS, the City Council (the “City Council,” and sometimes referred to as the “legislative body of the District”) of the City of Beaumont, California (the “City”), located in Riverside County, California, has heretofore undertaken proceedings and declared the necessity to issue bonds by the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) (the “District”) pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”); and

WHEREAS, pursuant to a resolution adopted by the City Council on May 17, 2016 and the Act, the City formed the District; and

WHEREAS, pursuant to a resolution adopted by the City Council on May 17, 2016, a bond proposition was submitted to the qualified electors within the District and was approved by more than two-thirds of the votes cast at the elections held within the District on such date; and

WHEREAS, based upon the aforesaid resolutions and elections, the District is authorized pursuant to the Act to issue bonds in an aggregate principal amount not to exceed \$13,000,000; and

WHEREAS, in order to effect the issuance of bonds in an aggregate principal amount not to exceed \$10,000,000 to be designated as the “City of Beaumont Community Facilities District No. 2016-1 2019 Special Tax Bonds” (the “Bonds”), the legislative body of the District desires to approve the forms, and authorize the execution and delivery, of a Bond Indenture, a Continuing Disclosure Certificate and a Bond Purchase Agreement for the Bonds; and

WHEREAS, in accordance with Government Code Section 53360.4, the legislative body of the District determines that a negotiated sale of the Bonds to Piper Jaffray & Co. (the “Underwriter”) in accordance with the terms of the Bond Purchase Agreement for the Bonds to be entered into by the District and the Underwriter (the “Bond Purchase Agreement”) will result in a lower overall cost to the District than a public sale; and

WHEREAS, the legislative body of the District determines that it is prudent in the management of its fiscal affairs to issue the Bonds; and

WHEREAS, pursuant to Section 53345.8 of the Act and the District's Local Goals and Policies, unless the Bonds are escrowed or otherwise credit enhanced, the District may sell the Bonds if the legislative body of the District determines prior to the award of the sale of the Bonds that the value of the real property that would be subject to the special tax to pay debt service on the Bonds will be at least three (3) times the principal amount of the Bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on taxable property within the District; and

WHEREAS, the legislative body of the District desires to authorize the preparation of an appraisal of the taxable real property within the District (the "Appraisal") which shall be prepared for the District by Integra Realty Resources, a state-certified real estate appraiser certified as required by Section 11340, et seq. of the California Business and Professions Code, in order for the legislative body of the District to make the above determination; and

WHEREAS, the legislative body of the District further wishes to approve the form of the Preliminary Official Statement with respect to the Bonds (the "Preliminary Official Statement"), presented at this meeting; and

WHEREAS, the legislative body of the District further desires to approve the form of an Acquisition Agreement relating to the District, by and among the City, the District and SDC Fairway Canyon, LLC (the "Acquisition Agreement"); and

NOW, THEREFORE, the City Council of the City of Beaumont acting as the legislative body of the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) does hereby resolve as follows:

SECTION 1. Each of the above recitals is true and correct, as is each of the findings and determinations set forth therein, and each of said recitals, findings and determinations is adopted by the legislative body of the District.

SECTION 2. The issuance of the Bonds in an aggregate principal amount not to exceed \$10,000,000 is hereby authorized; and the exact principal amount to be issued shall be determined by the officer signing the Bond Purchase Agreement in accordance with Section 5 below. The Bonds shall mature on the dates and bear interest at the rates set forth in the Bond Purchase Agreement to be executed on behalf of the District in accordance with Section 5 hereof. The Bonds shall be governed by the terms and conditions of the Bond Indenture between the District and Wilmington Trust, National Association, as trustee, presented at this meeting (the "Bond Indenture"). The Bond Indenture shall be executed by one or more of the Mayor, the City Manager, the Assistant City Manager, or the Finance Director of the City or the written designee of one of the foregoing (collectively, the "Authorized Officers") and attested to by the City Clerk, substantially in the form presented at this meeting, with such additions thereto and changes therein as the officer or officers executing the same deem necessary (a) to cure any ambiguity or defect therein, if such addition or change does not materially alter the substance or content thereof, (b) to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions as limited by Section 5 hereof, or (c) to conform any provisions therein to the Bond Purchase Agreement or the Official Statement delivered to the purchasers of the Bonds. Approval of such

changes shall be conclusively evidenced by the execution and delivery of the Bond Indenture by one or more Authorized Officers. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Bond Indenture.

SECTION 3. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Mayor and attested with the manual or facsimile signature of the City Clerk, and by the trustee to be selected by the City (the "Trustee") to act as Trustee for the Bonds.

SECTION 4. The covenants set forth in the Bond Indenture above are hereby approved and shall be deemed to be covenants of the City Council, in its capacity as the legislative body of the District, and shall be complied with by the District and its officers.

SECTION 5. The form of the Bond Purchase Agreement presented at this meeting and the sale of the Bonds pursuant thereto are hereby approved, provided that the true interest cost on the Bonds does not exceed 5.125% and the discount at which the Underwriter purchases the Bonds (exclusive of original issue discount) does not exceed 1.50% of the principal amount thereof. Any one of the Authorized Officers is hereby authorized to execute the Bond Purchase Agreement, with such additions thereto and changes therein as the officer executing it may approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. Each of the Mayor, or his designee, the City Manager, or his designee, the Assistant City Manager, or her designee, and the Finance Director, or her designee, is authorized to determine the day on which the Bonds are to be priced in order to attempt to produce the lowest borrowing cost for the District and may reject any terms presented by the Underwriter if determined not to be in the best interest of the District.

SECTION 6. The form of the Continuing Disclosure Certificate presented at this meeting is hereby approved; and any one of the Authorized Officers is hereby authorized and directed to execute the Continuing Disclosure Certificate in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary to cure any defect or ambiguity therein if such change does not materially alter the substance or content thereof, with such approval to be conclusively evidenced by the execution and delivery of such Continuing Disclosure Certificate.

SECTION 7. In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the value of the real property in the District subject to the special tax to pay debt service on the Bonds is not less than three (3) times the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within the District. This determination is based on the appraised and assessed value of the property in the District subject to the special tax as set forth in the Appraisal, which Appraisal shall be made in a manner consistent with the District's policies adjusted pursuant to Section 53312.7 of the Act.

SECTION 8. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof is hereby approved, with such changes, insertions and omissions therein as may be approved by any of the Authorized Officers, acting alone, and the

use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

SECTION 9. The preparation and delivery of the Official Statement, and its use in connection with the offering and sale of the Bonds is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the District, to execute the final Official Statement and any amendment or supplement thereto.

SECTION 10. The form of the Acquisition Agreement presented at this meeting is hereby approved; and any one of the Authorized Officers is hereby authorized and directed to execute the Acquisition Agreement in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary to cure any defect or ambiguity therein if such change does not materially alter the substance or content thereof, with such approval to be conclusively evidenced by the execution and delivery of such Acquisition Agreement.

SECTION 11. Each of the Authorized Officers is authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to, effecting the completion of the Appraisal, and obtaining legal services, municipal advisor services, special tax consultant services, trustee services and any other services deemed appropriate by an Authorized Officer. Any one of the Authorized Officers is authorized to pay for the cost of such services, together with other costs of issuance for the Bonds from the proceeds of the Bonds.

SECTION 12. The City Council hereby finds and declares that the issuance of the Bonds complies with the Debt Issuance and Management Policy adopted by the City with respect to debt financing.

SECTION 13. The City Council, acting as the legislative body of the District, hereby ratifies the City of Beaumont Second Amended and Restated Disclosure Procedures and determines that such procedures shall apply to the District.

SECTION 14. Each of the Authorized Officers and the other officers and staff of the City of Beaumont and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and to execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the Bonds in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as described in the Bond Indenture. Any document authorized herein to be signed by the City Clerk may be signed by a duly-appointed deputy city clerk or assistant city clerk.

PASSED AND ADOPTED by the City Council of the City of Beaumont, California, this 19th day of February, 2019, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

MAYOR OF THE CITY OF BEAUMONT

ATTEST:

CITY CLERK

ACQUISITION AGREEMENT

by and among

CITY OF BEAUMONT,

**CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY
CANYON)**

and

SDC FAIRWAY CANYON, LLC

Dated as of _____ 1, 2019

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS.....	2
Section 1.1 Definitions.....	2
ARTICLE II FUNDING	4
Section 2.1 Issuance of Bonds.....	4
Section 2.2 Special Taxes and Bonds.....	5
Section 2.3 Net Proceeds.....	5
Section 2.4 Disclosure of Special Tax.....	6
ARTICLE III CONSTRUCTION AND ACQUISITION OF FACILITIES	6
Section 3.1 Duty of Owner to Construct.....	6
Section 3.2 Inspection.....	6
Section 3.3 Agreement to Sell and Acquire Facilities.....	6
Section 3.4 Payment Requests.....	7
Section 3.5 Payment.....	7
Section 3.6 Defective or Nonconforming Work.....	9
ARTICLE IV OWNERSHIP AND TRANSFER OF FACILITIES.....	9
Section 4.1 Facilities to be Owned by the City; Conveyance of Land and Easements to City.....	9
Section 4.2 Facilities to be Owned by the City; Title Evidence.....	9
Section 4.3 Facilities Constructed on Private Lands.....	10
Section 4.4 Facilities Constructed on City Land.....	10
Section 4.5 Maintenance and Warranties.....	10
ARTICLE V INSURANCE	11
Section 5.1 Insurance Requirements.....	11
Section 5.2 Standards Applicable.....	12
Section 5.3 Evidence of Insurance.....	12
ARTICLE VI REPRESENTATIONS, WARRANTIES AND COVENANTS.....	12
Section 6.1 Representations, Covenants and Warranties of the Owner.....	12
Section 6.2 Indemnification and Hold Harmless.....	13
ARTICLE VII TERMINATION.....	13
Section 7.1 Mutual Consent.....	13
Section 7.2 City Election to Terminate for Cause.....	14
Section 7.3 Force Majeure.....	15
ARTICLE VIII MISCELLANEOUS.....	15
Section 8.1 Limited Liability of City.....	15
Section 8.2 Excess Costs.....	15
Section 8.3 Review of Records.....	15
Section 8.4 Attorney’s Fees.....	15
Section 8.5 Notices.....	15
Section 8.6 Severability.....	16

TABLE OF CONTENTS
(continued)

	Page
Section 8.7 Successors and Assigns.....	16
Section 8.8 Other Agreements.....	16
Section 8.9 Waiver.....	17
Section 8.10 Merger.....	17
Section 8.11 Parties in Interest.....	17
Section 8.12 Amendment.....	17
Section 8.13 Counterparts.....	17

List of Exhibits

- Exhibit A: Description of Authorized Facilities and Discrete Components Eligible for Acquisition from the Owner
- Exhibit B: Form of Payment Request (Facilities)
- Exhibit C: City CFD Policies

THIS ACQUISITION AGREEMENT (the "Acquisition Agreement"), dated as of _____ 1, 2019, is by and among the CITY OF BEAUMONT, a general law city (the "City"), the CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY CANYON), a community facilities district created pursuant to the Act (defined herein) (the "District"), and SDC FAIRWAY CANYON, LLC, a Delaware limited liability company (the "Owner").

RECITALS

A. **The District.** The City Council of the City has established the District under the Act for the financing of, among other things, the acquisition, construction and installation of public facilities identified in the proceedings to form the District therein, which include the facilities listed in Exhibit A hereto (the "Facilities").

B. **The Development.** The land within the District is currently expected to be developed with 372 dwelling units as part of a master-planned community commonly known as "Fairway Canyon," which is described as Tract 36558, lots 1 through 94; Tract 31462-7, lots 1 through 148; and Tract 31462-8, lots 1 through 130.

C. **The Facilities.** As part of the District formation proceedings, the Facilities were authorized to be acquired by the District, and the District proceedings contemplated that acquisition agreements would be entered into from time to time to describe the terms of such acquisition. The Facilities are within or serve the City and the City and the Owner will benefit from a coordinated plan of design, engineering and construction of the Facilities and the development of the land within the District. The facilities that are eligible for acquisition by the City from the Owner under this Acquisition Agreement are only the Facilities listed in Exhibit A hereto, as such Exhibit may be amended and/or supplemented by any Supplement approved by the City and Owner. All of the Facilities listed in Exhibit A have been completed.

D. **The Financing.** In order to, among other things, implement provisions of the Development Agreement, as defined below, the Owner, the District and the City wish to enter into this Acquisition Agreement to finance the acquisition of the Facilities, as defined below, and provide for the payment of the Facilities and Discrete Components thereof as shown in Exhibit A hereto (as it may be amended and supplemented by any Supplement).

E. **The Bonds.** The District may proceed with the authorization and issuance of the Bonds in one or more series under the Act and the Indenture, the proceeds of which Bonds shall be used, in part, to finance the Facilities.

F. **No Advantage to City Construction.** The City, by its approval of this Acquisition Agreement, has determined that it will obtain no advantage from undertaking the construction by the City directly of the Facilities and that the provisions of this Acquisition Agreement require that the Facilities constructed by the Owner and acquired with the funds in the Improvement Fund, as defined below, be constructed as if they had been constructed under the direction and supervision of the City. The Owner hereby represents that it has experience in the supervision of the construction of improvements of the character of the Facilities.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged,

the City, the District and the Owner agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

ARTICLE I DEFINITIONS

Section 1.1 Definitions. The following terms shall have the meanings ascribed to them in this Section 1.1 for purposes of this Acquisition Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

“Acceptable Title” means title to land or interest therein, in form acceptable to the Director, free and clear of all liens, taxes, assessments, leases, easements and encumbrances, whether or not recorded, but subject to any exceptions determined by the Director as not interfering with the actual or intended use of the land or interest therein. Notwithstanding the foregoing, an irrevocable offer of dedication may constitute land with an “Acceptable Title” if: (i) such offer is necessary to satisfy a condition to a tentative or final parcel map, (ii) such offer is in a form acceptable to the Director, (iii) the Director has no reason to believe that such offer of dedication will not be accepted by the applicable public agency, and (iv) the Owner commits in writing not to allow any liens to be imposed on such property prior to its acceptance.

“Acceptance Date” means the date the City Council (or other public entity which is to own a Facility) takes final action to accept dedication of or transfer of title to a Facility.

“Acquisition Agreement” means this Acquisition Agreement, together with any Supplement hereto.

“Act” means the Mello-Roos Community Facilities Act of 1982, Section 53311 et seq. of the California Government Code, as amended.

“Actual Cost” means the substantiated cost of a Facility or a Discrete Component, which costs may include: (i) the costs incurred for the construction of such Facility or Discrete Component, (ii) the costs incurred in preparing the Plans for such Facility or Discrete Component and the related costs of environmental evaluations of the Facility or Discrete Component, (iii) the fees paid to governmental agencies or utilities for obtaining permits, licenses or other governmental approvals for such Facility or Discrete Component, (iv) professional costs incurred that are associated with such Facility or Discrete Component, such as construction management and supervision (not to exceed 15% of the costs in (i) above), engineering, legal, accounting, inspection, construction staking, materials testing and similar professional services; and (v) the costs directly related to the construction and/or acquisition of a Facility or Discrete Component, such as costs of payment, performance and/or maintenance bonds, and insurance costs (including costs of any title insurance required hereunder) (but excluding the cost of real property unless paid to unrelated third parties).

“Affiliate” means any entity with respect to which fifty percent (50%) or more of the ownership or voting power is held individually or collectively by any of the Owner and any other entity owned, controlled or under common ownership or control by or with, as applicable, the Owner, and includes all general partners of any entity which is a partnership. Control shall mean ownership of fifty percent (50%) or more of the voting power of or ownership interest in the respective entity.

“Bonds” means the bonds to be issued by the District pursuant to the Act in one or more series.

“City” means the City of Beaumont, a general law city.

“Conditions of Approval” means, with respect to any portion of the property within the District, the conditions of approval of all land use entitlements approved by the City and the conditions of any development agreement, subdivision improvement agreement or other agreement between the Owner and the City relating to such property which conditions must be satisfied in order to develop such property.

“County” means the County of Riverside, California.

“Development Agreement” means the Development Agreement between the City of Beaumont and LB/L-SunCal Oak Valley LLC, recorded as Instrument No. 2003-977700 in the Riverside County Recorder’s Office on December 5, 2003, as assigned to the Owner.

“Director” means the Director of Public Works of the City, or his or her written designee acting as such under this Acquisition Agreement.

“Discrete Component” means a component of a Facility that the Director has agreed can be separately identified, inspected and completed, and be the subject of a Payment Request hereunder. The Discrete Components are described in Exhibit A hereto.

“District” means the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon), created by the City under the Act.

“Facilities” means the facilities described in Exhibit A hereto which are to be acquired with the proceeds of the Special Taxes and Bonds.

“Financing Policies” means the City of Beaumont’s Goals and Policies for Community Facilities Districts, as adopted May 8, 1995 by Resolution No. 1995-23, attached hereto as Exhibit C.

“Improvement Fund” means, (a) prior to the initial issuance of Bonds, the fund or account established by the City for the District, howsoever denominated, into which Net Proceeds of the Special Taxes are to be deposited, and (b) from and after the initial issuance of Bonds, the fund or account established under the Indenture for such Bonds, howsoever denominated, into which Net Proceeds of Bonds and Special Taxes are to be deposited.

“Indenture” means the bond indenture or similar document between the City and the Trustee for the District, providing for, among other matters, the issuance of the Bonds and the establishment of the Improvement Fund, as it may be amended from time to time.

“Net Proceeds” means (a) with respect to Special Taxes, the proceeds of such Special Taxes received prior to the initial issuance of Bonds and remaining after the payment or setting aside of, or provision for, administrative expenses of the District, and (b) with respect to Bonds, the proceeds of such Bonds remaining after the payment or setting aside of, or provisions for (i) the underwriter’s discount for such Bonds, (ii) the costs of issuance of such Bonds, including the costs of authorizing the Special Taxes and Bonds of the District incurred by the City and Owner, (iii) any required

reserve fund deposit for such Bonds, (iv) capitalized interest on such Bonds, and (v) pre funded administrative expenses of the District.

“Owner” means SDC Fairway Canyon, LLC, a Delaware limited liability company, and its successors or assigns to the extent permitted under Section 8.7 hereof.

“Payment Request” means a document, substantially in the form of Exhibit B hereto, to be used by the Owner in requesting payment of a Purchase Price.

“Plans” means the plans, specifications, schedules and related construction contracts for the Facilities and/or any Discrete Components thereof approved pursuant to the applicable standards of the City.

“Purchase Price” means the amount paid by the District for a Facility and/or any Discrete Components thereof determined in accordance with Article III hereof, being an amount equal to the Actual Cost of such Facility or Discrete Component, but subject to the limitations and reductions provided for in Article III.

“Rate and Method” means the rate and method of apportionment of the special taxes of the District approved by the qualified electors of the District.

“Special Taxes” means the special taxes for facilities in the District levied in accordance with the Rate and Method.

“Supplement” means a written document amending, supplementing or otherwise modifying this Acquisition Agreement and any exhibit hereto, including any amendments to the list of Discrete Components in Exhibit A, and/or the addition to Exhibit A of additional Facilities (and Discrete Components) to be financed with the proceeds of the Bonds deposited in the Improvement Fund eligible to be financed by the District.

“Trustee” means a financial institution in its capacity as trustee or fiscal agent under the Indenture, or any successor thereto acting as trustee or fiscal agent under the Indenture.

ARTICLE II

FUNDING

Section 2.1 Issuance of Bonds. Upon the written request of the Owner or City, the Owner and the City staff shall meet regarding the amount, timing and other material aspects of each series of the Bonds. The legal proceedings for the issuance of the Bonds and the series, principal amounts, rates, terms, conditions and timing of the sale of the Bonds shall be in all respects be solely determined by the City Council of the City, acting as the governing body of the District, in accordance with this Acquisition Agreement; provided that, subject to satisfaction of the applicable Financing Policies, sound municipal financing practices and the requirements of this Acquisition Agreement, as soon as possible following the execution of this Acquisition Agreement the City shall use commercially reasonable efforts to cause the District to issue and sell the Bonds in an amount sufficient to fund the Facilities. For purposes of sizing each series of Bonds, the priority annual administrative expense shall be \$30,000 for the District.

Prior to the Bonds being issued for the District, the Owner will be required to provide all information regarding the development of its property within the District, including the financing plan for such development, which is necessary to ensure that the official statement for such Bonds complies with the requirements of all applicable federal and state securities laws, including without limitation Rule 15c2-12 and Rule 10(b)-5 of the Securities and Exchange Commission (the "Commission"). Moreover, each property owner which is responsible for twenty percent (20%) or more of the maximum special tax within the District at the time each series of Bonds are issued (each a "Major Landowner") will be required to enter into a continuing disclosure agreement to provide such continuing disclosure pertaining to the development of the land owned by such Major Landowner in the District as necessary to assist the underwriter of the series of Bonds in complying with the continuing disclosure requirements of Rule 15c2-12 of the Commission and/or in marketing the Bonds. Each Major Landowner shall be required to execute a certificate in connection with each public sale of Bonds pursuant to which the Major Landowner shall indemnify and hold harmless City from claims arising from, or based upon, any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact in the above-referenced information.

Section 2.2 Special Taxes and Bonds. Prior to the issuance of the first series of Bonds for the District, the "Assigned Special Tax" has been and shall continue to be levied in each fiscal year on parcels classified as "Developed Property" pursuant to and as defined in the Rate and Method. The Net Proceeds of such Special Taxes have been and shall continue to be deposited in the Improvement Fund. In addition, the proceeds of each full or partial prepayment of Special Taxes attributable to eligible facilities prior to the issuance of Bonds shall be deposited in the Improvement Fund. The City, the District and the Owner are entering into this Acquisition Agreement and authorized the levy of the Special Taxes for the purpose of creating and allocating certain streams of revenues that are or will be available to pay directly or reimburse the costs of acquisition and construction of the Facilities and to pay debt service on Bonds and other indebtedness of the District. The District hereby irrevocably pledges the Net Proceeds of Special Taxes to the Owner for the reimbursement of costs of the Facilities, subordinate only to the payment of debt service on Bonds issued to fund such costs. Following the issuance of the Bonds, the District shall have no obligation to levy Special Taxes to pay directly for the Costs of reimbursing or paying the Developer for the Facilities. The Owner, the City and the District hereby acknowledge and agree that any reduction or termination of the Special Taxes by exercise of the initiative power or the exercise of discretion of the City or the District would constitute a substantial impairment of revenue stream of Special Taxes that the Owner, the City and the District intend to create for the purpose of providing an assured source of funding for such costs.

Section 2.3 Net Proceeds. The proceeds of the Bonds shall be deposited, held, invested, reinvested and disbursed as provided in the Indenture. The Net Proceeds of the Bonds will be set aside under the Indenture in the Improvement Fund. Moneys in the Improvement Fund shall be withdrawn therefrom in accordance with the provisions of the Indenture and the applicable provisions hereof for payment of all or a portion of the costs of construction and/or acquisition of the Facilities (including payment of the Purchase Price of Discrete Components thereof) all as herein provided. Funds in the Improvement Fund shall be reserved and disbursed in accordance with this Acquisition Agreement.

The Owner acknowledges that any lack of availability of amounts in the Improvement Fund to pay the Purchase Price of Facilities or any Discrete Components thereof shall in no way diminish any obligation of the Owner with respect to the construction of or contributions for public facilities and mitigation measures required by the Conditions of Approval or any subdivision, development or

other agreement to which the Owner is a party, or any governmental approval to which the Owner or any land within the District are subject.

Section 2.4 Disclosure of Special Tax. Copies of the executed “Notice of Special Tax” required by California Government Code Section 53341.5 provided to the purchaser of real property within the District shall be provided to the City Director of Finance. The Director of Finance’s receipt of such “Notice of Special Tax” shall not be construed as City or District approval of the form of Notice or in any way make the City or District liable for deficiencies in such “Notice of Special Tax.” Owner agrees to retain copies of the Notice of Special Tax it has provided to homebuyers within the District for a period of three (3) years and to provide them to the City upon City’s written request.

**ARTICLE III
CONSTRUCTION AND ACQUISITION OF FACILITIES**

Section 3.1 Duty of Owner to Construct. All Facilities and Discrete Components thereof to be acquired hereunder shall have been constructed at the direction of the Owner in accordance with the approved Plans following the solicitation of competitive bids. The Owner shall have employed at all times adequate staff or consultants with the requisite experience necessary to bid, administer and coordinate all work related to the design, engineering, acquisition, construction and installation of the Facilities to be acquired by the City from the Owner hereunder.

Section 3.2 Inspection. No payment hereunder shall be made by the City to the Owner for a Facility or Discrete Component thereof until the Facility or Discrete Component thereof has been inspected and found to be completed in accordance with the Plans by the City or other applicable public entity or utility. However, due to the age of some of the Facilities it is understood that normal wear and tear and aging may have occurred which shall not be a basis for denial. The City shall make or cause to be made periodic site inspections of the Facilities or Discrete Components to be acquired hereunder on a timely basis; provided that in no event shall the City incur any liability for any delay in the inspection of any Facilities or Discrete Components. For Facilities to be acquired by other public entities or utilities, the Owner shall be responsible for obtaining such inspections and providing written evidence thereof to the Director. The Owner agrees to pay all inspection, permit and other similar fees of the City applicable to construction of the Facilities.

Section 3.3 Agreement to Sell and Acquire Facilities. The Owner hereby agrees to sell the Facilities and Discrete Components listed in Exhibit A hereto to the City and the City hereby agrees to use amounts in the Improvement Fund to pay the Purchase Price of each of such Facilities and Discrete Components to the Owner, subject to the terms and conditions hereof. The City shall not be obligated to acquire any Facility or Discrete Component until the Facility or Discrete Component is completed and the Acceptance Date for such Facility or Discrete Component has occurred; provided that the City has agreed hereunder to make payments to the Owner for certain Discrete Components of Facilities as shown in Exhibit A hereto. Notwithstanding the foregoing, all of the Facilities listed in Exhibit A have been completed. The Owner acknowledges that the Discrete Components have been identified for payment purposes only, and that the City shall not accept a Facility of which a Discrete Component is a part until the entire Facility has been completed. The City acknowledges that the Discrete Components do not have to be accepted by the City as a condition precedent to the payment of the Purchase Price therefor, but any such payment shall not be made until the Discrete Component has been completed in accordance with the Plans therefor, as

determined by the Director. In any event, the City shall not be obligated to pay the Purchase Price for any Facility or Discrete Component except from the moneys in the Improvement Fund.

Section 3.4 Payment Requests. In order to receive the Purchase Price for a completed Facility or Discrete Component, inspection thereof under Section 3.1 shall have been made and the Owner shall deliver to the Director: (i) a Payment Request in the form of Exhibit B hereto for such Facility or Discrete Component, together with all attachments and exhibits required by Exhibit B and this Section 3.3 to be included therewith (including, but not limited to Attachments 1 and 2 to Exhibit B), and (ii) if payment is requested for a completed Facility, (a) if the property on which the Facility is located is not owned by the City at the time of the request, a copy of the recorded documents conveying to the City Acceptable Title to the real property on, in or over which such Facility is located, as described in Section 4.1 hereof, (b) to the extent paid for with the proceeds of the Bonds, an assignment to the District of any reimbursements that may be payable with respect to the Facility, such as public or private utility reimbursements, and (c) an assignment of warranties and guaranties for such Facility, as described in Section 4.5 hereof, in a form acceptable to the City.

Upon receipt of a Payment Request (and all accompanying documentation), the Director shall conduct a review in order to confirm that such request is complete, that such Discrete Component or Facility identified therein was constructed in accordance with the Plans therefor, and to verify and approve the Actual Cost of such Discrete Component or Facility specified in such Payment Request. The Director shall also conduct such review as is required in his discretion to confirm the matters certified in the Payment Request. The Owner agrees to cooperate with the Director in conducting each such review and to provide the Director with such additional information and documentation as is reasonably necessary for the Director to conclude each such review. For any Facilities to be acquired by another public entity or utility, the Owner shall provide evidence acceptable to the Director that such Facilities are acceptable to such entity or utility. Within fifteen (15) business days of receipt of any Payment Request, the Director expects to review the request for completeness and notify the Owner whether such Payment Request is complete, and, if not, what additional documentation must be provided. If such Payment Request is complete, the Director expects to provide a written approval or denial (specifying the reason for any denial) of the request within thirty (30) calendar days of its submittal. However, the Facilities documentation will be delivered by Owner to City in large quantities which may be beyond the ability of City to process, in accordance with the forgoing timeframes. At the request of City or Owner, City may engage an outside contractor to review and process the Facilities documentation on behalf of the City the cost of which shall be borne by Owner subject to a written agreement executed by City and Owner. If a Payment Request seeking reimbursement for more than one Facility or Discrete Component is denied, the Director shall state whether the Payment Request is nevertheless approved and complete for any one or more Facilities or Discrete Components and any such Facilities or Discrete Components shall be processed for payment under Section 3.4 notwithstanding such partial denial. The City's and District's Costs associated with the acquisition of Facilities and processing of Payment Requests shall be reimbursed from the Improvement Fund or from amounts advanced by the Owner to the extent insufficient funds are on deposit in the Improvement Fund, which advances may be later reimbursed to the Owner out of the Improvement Fund.

Section 3.5 Payment. Upon approval of the Payment Request by the Director, the Director shall sign the Payment Request and forward the same to the City Director of Finance. Upon receipt of the reviewed and fully signed Payment Request, the City Director of Finance shall, within the then current City financial accounting payment cycle but in any event within fifteen (15) business days of receipt of the approved Payment Request, cause the same to be paid by the Trustee under the

applicable provisions of the Indenture, to the extent of funds then on deposit in the Improvement Fund. Any approved Payment Request not paid due to an insufficiency of funds in the Improvement Fund, shall be paid promptly following the deposit into the Improvement Fund of proceeds of any investment earnings or other amounts transferred to the Improvement Fund under the terms of the Indenture.

The Purchase Price paid hereunder for any Facility or Discrete Component shall constitute payment in full for such Facility or Discrete Component, including, without limitation, payment for all labor, materials, equipment, tools and services used or incorporated in the work, supervision, administration, overhead, expenses and any and all other things required, furnished or incurred for completion of such Facility or Discrete Component, as specified in the Plans.

The City shall withhold payment for any Discrete Component or Facility constructed on land not already owned by the City or other public entity, until Acceptable Title to such land is conveyed to the City or other public entity that will own the respective Facility, as described in Article IV hereof.

The City shall be entitled to withhold any payment hereunder for a Facility or Discrete Component that is the subject of a Payment Request until it is satisfied that any and all claims for labor and materials have been paid by the Owner for the Facility or Discrete Component that is the subject of a Payment Request, or conditional lien releases (and/or unconditional lien releases) have been provided by the Owner for such Facility or Discrete Component. The City, in its discretion, may waive this limitation upon the provision by the Owner of sureties, undertakings, securities and/or bonds of the Owner or appropriate contractors or subcontractors and deemed satisfactory by the Director to assure payment of such claims.

The City shall be entitled to withhold payment for any Facility (or final Discrete Component) hereunder to be owned by the City until: (i) the Director determines that the Facility is ready for its intended use, and (ii) the Acceptance Date for the Facility has occurred and the requirements of Section 4.1, if applicable to such Facility, have been satisfied. The City hereby agrees that the Owner shall have the right to post or cause the appropriate contractor or subcontractor to post a bond with the City to indemnify it for any losses sustained by the City because of any liens that may exist at the time of acceptance of such a Facility, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the Director. The City shall be entitled to withhold payment for any Facility (or the final Discrete Component of any such Facility) to be owned by other governmental entities, until the Owner provides the Director with evidence that the governmental entity has accepted dedication of and/or title to the Facility. If the Director determines that a Facility is not ready for intended use under (i) above, the Director shall so notify the Owner as soon as reasonably practicable in writing specifying the reason(s) therefor.

Nothing in this Acquisition Agreement shall be deemed to prohibit the Owner from contesting in good faith the validity or amount of any mechanics or materialman's lien nor limit the remedies available to the Owner with respect thereto so long as such delay in performance shall not subject the Facilities or any Discrete Component thereof to foreclosure, forfeiture or sale. In the event that any such lien is contested, the Owner shall only be required to post or cause the delivery of a bond in an amount equal to the amount in dispute with respect to any such contested lien sufficient to cause the release of such lien, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the Director.

Subject to the last paragraph of this Section 3.5, the City shall withhold in the Improvement Fund an amount equal to ten percent (10%) of the Purchase Price of each Discrete Component to be paid hereunder other than the final Discrete Component of any Facility. Any such retention will be released to the Owner upon final completion and acceptance of the related Facility.

Notwithstanding the foregoing, the Owner shall be entitled to payment of any such retention upon the completion and acceptance of a Discrete Component, if securities meeting the requirements of the California Public Contracts Code are deposited in lieu thereof. Payment of any retention shall also be contingent upon the availability of monies in the Improvement Fund therefore. No retention shall apply if the Owner proves to the Director's satisfaction that the Owner's contracts for the Discrete Components provide for the same retention as herein provided, so that the Purchase Price paid for the Discrete Component is at all times net of the required retention.

Section 3.6 Defective or Nonconforming Work. If any of the work done or materials furnished for a Facility or Discrete Component are found by the Director to be defective or not in accordance with the applicable Plans: (i) and such finding is made prior to payment for the Purchase Price of such Facility or Discrete Component hereunder, the City may withhold payment therefor until such defect or nonconformance is corrected to the satisfaction of the Director, or (ii) and such finding is made after payment of the Purchase Price of such Facility or Discrete Component, the City and the Owner shall act in accordance with the City's standard specification for public works construction.

ARTICLE IV

OWNERSHIP AND TRANSFER OF FACILITIES

Section 4.1 Facilities to be Owned by the City; Conveyance of Land and Easements to City. Acceptable Title to all property on, in or over which each Facility to be acquired by the City will be located, shall be deeded over to the City by way of grant deed, or dedication of such property, or easement thereon, if such conveyance of interest is approved by the City as being a sufficient interest therein to permit the City to properly own, operate and maintain such Facility located therein, thereon or thereover, and to permit the Owner to perform its obligations as set forth in this Acquisition Agreement. The Owner agrees to assist the City in obtaining such documents as are required to obtain Acceptable Title. Completion of the transfer of title to land shall be accomplished prior to the payment of the Purchase Price for a Facility (or the last Discrete Component thereof) and shall be evidenced by recordation of the acceptance thereof by the City Council or the designee thereof.

Section 4.2 Facilities to be Owned by the City; Title Evidence. The Owner shall furnish to the City a preliminary title report for land with respect to Facilities to be acquired by the City and not previously dedicated or otherwise conveyed to the City, for review and approval at least thirty (30) business days prior to the transfer of the Acceptable Title to a Facility to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the judgment of the City, could materially affect the City's use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to the land with respect to such Facility or pay the Purchase Price for such Facility (or the last Discrete Component thereof) until the Owner has cured such objections to title to the reasonable satisfaction of the City and caused a standard title insurance policy to be issued to the City with respect to such land in the amount of the Purchase

Price. In the event the Owner cannot cure such objections to title, City agrees to consider the use of eminent domain pursuant to Section 4.3 hereof for such purpose.

Section 4.3 Facilities Constructed on Private Lands. If any Facilities to be acquired are located on privately-owned land, the owner thereof shall retain title to the land and the completed Facilities until acquisition of the Facilities under Article III hereof. Pending the completion of such transfer, the Owner shall not be entitled to receive any payment for any such Facility or the last Discrete Component thereof. The Owner shall, however, be entitled to receive payment for Discrete Components (other than the last Discrete Component) upon making an irrevocable offer of dedication of such land in form and substance acceptable to the Director. Notwithstanding the foregoing, upon written request of the City before payment for any Discrete Component of such a Facility, the Owner shall convey or cause to be conveyed Acceptable Title thereto in the manner described in Sections 4.1 and 4.2 hereof.

It shall be the responsibility of the Owner to acquire all property rights on property which is not owned by the City or the Owner which is necessary for the construction of any of the Facilities. In the event, despite its exercise of best efforts to do so, the Owner is unable to acquire such property rights, the City shall in good faith consider the undertaking of proceedings to acquire such property rights through its exercise of the power of eminent domain, and the costs of such proceedings and acquisition shall be the responsibility of the Owner and shall comprise part of the Purchase Price of the related Facility.

Section 4.4 Facilities Constructed on City Land. If the Facilities to be acquired are on land owned by the City, including land as to which the City has acquired sufficient property rights in the manner described in Section 4.3 or otherwise, the City hereby grants to the Owner a license to enter upon such land for purposes related to the construction (and maintenance pending acquisition) of the Facilities. The provisions for inspection and acceptance of such Facilities otherwise provided herein shall apply.

Section 4.5 Maintenance and Warranties. The Owner shall maintain or cause to be maintained each Discrete Component in good and safe condition until the Acceptance Date of the Facility of which such Discrete Component is a part. Prior to the Acceptance Date, the Owner shall be responsible for performing any required maintenance on any completed Discrete Component or Facility. On or before the Acceptance Date of the Facility, the Owner shall assign to the City all of the Owner's rights in any warranties, guarantees, maintenance obligations or other evidence of contingent obligations of third persons with respect to such Facility. For each Facility to be owned by the City, the Owner shall provide a warranty bond reasonably acceptable in form and substance to the Director to remain in effect for a period of one year from the date of acceptance of each Facility. The City shall be responsible for maintenance of each Facility from and after the Acceptance Date thereof, except that with respect to landscaping improvements, the Owner shall maintain or cause to be maintained such landscape improvements for a period of one year following the Acceptance Date thereof or shall provide a bond reasonably acceptable in form and substance to the Director for such period and for such purpose (for landscaping improvements only, and for the posting of a warranty bond to remain in effect for one year as to other Facilities), to insure that defects, which appear within said period will be repaired, replaced, or corrected by the Owner, at its own cost and expense, to the satisfaction of the Director. The Owner shall commence to repair, replace or correct any such defects within thirty (30) days after written notice thereof by the City to the Owner, and shall complete such repairs, replacement or correction as soon as practicable. Any warranties, guarantees

or other evidences of contingent obligations of third persons with respect to the Facilities to be acquired by the City shall be delivered to the Director as part of the transfer of title.

ARTICLE V INSURANCE

Section 5.1 Insurance Requirements. The Owner shall, at all times prior to the final Acceptance Date of all Facilities, maintain and deliver to the City evidence of and keep in full force and effect, not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policies satisfactory to the Director: (i) Workers Compensation and Employer's Liability - Workers' Compensation - coverage as required by law; Employer's Liability - limits of at least \$1,000,000.00 per occurrence; (ii) Comprehensive General Liability - Combined Single Limit - \$2,000,000.00; (iii) Automobile Liability - Combined Single Limit - \$1,000,000.00; and (iv) Errors and Omissions Insurance - Combined Single Limit - \$2,000,000.00.

All of the Owner's insurance policies shall contain an endorsement providing that written notice shall be given to the City at least 30 calendar days prior to termination or cancellation of coverage of the policy.

The Comprehensive General Liability and Bodily Injury and Property Damage Liability policies shall contain the following:

(a) An endorsement extending coverage to the City and its agents as an additional insured, as respects liabilities arising out of the performance of any work related to the Facilities. Which insurance shall be primary insurance as respects the interest of the City, and any other insurance maintained by the City shall be excess and not contributing insurance with the insurance required hereunder.

(b) Severability of interest clause.

(c) Provision or endorsement stating that such insurance, subject to all of its other terms and conditions, applies to contractual liability assumed by the Owner.

Promptly on execution of this Acquisition Agreement by the Owner, the Owner shall deliver to the Director copies of all required certificates of insurance and endorsements thereto on forms which are acceptable to the Director and the City Attorney.

The Owner shall require and verify similar insurance on the part of its contractors and subcontractors.

The foregoing requirements as to the types, limits and City approval of insurance coverage to be maintained by the Owner are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by the Owner under this Acquisition Agreement.

Any policy or policies of insurance that the Owner or its contractors or subcontractors elect to carry as insurance (i) against loss or damage to their construction equipment and tools or other personal property used in fulfillment of this Acquisition Agreement or a contract related to the Facilities shall include a provision waiving the insurer's right of subrogation against the City, and (ii) in fulfillment of this Acquisition Agreement involving a dual obligee bond may contain a clause

to the effect that: “provided that Principal and Surety shall not be liable to the Obligees or any of them unless the Obligees or any of them have performed the obligations to the Principal in accordance with the terms of said contract; and provided, further, that Principal and Surety shall not be liable to all Obligees in the aggregate in excess of the penal sum above stated.”

Section 5.2 Standards Applicable. The Owner may effect such coverage under blanket insurance policies, provided, however, that (i) such policies are written on a per occurrence basis, (ii) such policies comply in all other respects with the provisions of Section 5.1, and (iii) the protection afforded the City under any such policy shall be no less than that which would be available under a separate, policy relating only to this Acquisition Agreement. All policies of insurance shall be with companies licensed or approved by the State of California Insurance Commissioner and rated (i) A or better with respect to primary levels of coverage, and (ii) B+12 or better with respect to excess levels of coverage, in the most recent edition of Best’s Insurance Guide and shall be issued and delivered in accordance with State law and regulations.

Section 5.3 Evidence of Insurance. Prior to the Acceptance Date, the Owner shall furnish to the City, from time to time upon request of the Director, a certificate of insurance regarding each insurance policy required to be maintained by the Owner hereunder.

ARTICLE VI

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 6.1 Representations, Covenants and Warranties of the Owner. The Owner represents and warrants for the benefit of the City, as follows:

(a) **Organization.** Owner is a California limited liability company and is validly doing business and in good standing in the State of California, is in compliance with all applicable laws of the State, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) **Authority.** The Owner has the power and authority to enter into this Acquisition Agreement, and has taken all action necessary to cause this Acquisition Agreement to be executed and delivered, and this Acquisition Agreement has been duly and validly executed and delivered by the Owner.

(c) **Binding Obligation.** This Acquisition Agreement is a legal, valid and binding obligation of the Owner, enforceable against the Owner in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) **Compliance with Laws.** The Owner shall not with knowledge commit, suffer or permit any act to be done in, upon or to the lands of the Owner in the District or the Facilities in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Facilities.

(e) **Requests for Payment.** The Owner represents and warrants that (i) it will not request payment from the City for the acquisition of any improvements that are not part of the Facilities, and (ii) it will diligently follow all procedures set forth in this Acquisition Agreement with respect to the Payment Requests.

(f) Financial Records. Until the final acceptance of the Facilities, the Owner covenants to maintain proper books of record and account for the construction of the Facilities and all costs related thereto. Which accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agent at any reasonable time during regular business hours on reasonable notice.

(g) Prevailing Wages. The Owner covenants that, with respect to any contracts or subcontracts for the construction of the Facilities to be acquired from the Owner hereunder, it has assured complete compliance with any applicable law or regulation for the payment of prevailing wages for such construction.

(h) Plans. The Owner represents that it has obtained or will obtain approval of the Plans for the Facilities to be acquired from the Owner hereunder from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Owner further agrees that the Facilities to be acquired from the Owner hereunder have been or will be constructed in full compliance with such approved plans and specifications and any supplemental agreements (change orders) thereto, as approved in the same manner.

Section 6.2 Indemnification and Hold Harmless. The Owner shall assume the defense of, indemnify and save harmless the City, members of the City Council, their officers, officials, employees and agents and each of them, from and against all actions, damages, claims, losses or expense of every type and description to which they may be subjected or put, by reason of, or resulting from the breach of any provision of this Acquisition Agreement by the Owner, the Owner's or any other entity's negligent design, engineering and/or construction of any of the Facilities acquired from the Owner hereunder, the Owner's non-payment under contracts between the Owner and its consultants, engineer's, advisors, contractors, subcontractors and suppliers in the provision of the Facilities, any claims of persons employed by the Owner or its agents to construct the Facilities, claims for damages to persons or property related to the actions of Owner contemplated by this Acquisition Agreement or any claims arising out of any alleged misstatement of a material fact or omission of a material fact with respect to provisions in any Official Statement for the Bonds for which the Owner certifies in a customary certificate executed in connection with the printing of the Official Statement for such Bonds. Notwithstanding the foregoing, no indemnification is given hereunder for any action, damage, claim, loss or expense directly attributable solely to the intentional acts or negligence of the City, or its officers, directors, employees or agents hereunder.

No provision of this Acquisition Agreement shall in any way limit the Owner's responsibility for payment of damages resulting from the operations of the Owner, its agents, employees or its contractors.

ARTICLE VII TERMINATION

Section 7.1 Mutual Consent. This Acquisition Agreement may be terminated by the mutual, written consent of the City and the Owner, in which event the City may let contracts for any remaining work related to the Facilities not theretofore acquired from the Owner hereunder, and use all or any portion of the monies in the Improvement Fund to pay for same, and the Owner shall have no claim or right to the Purchase Price of Facilities or Discrete Components hereunder, except as otherwise may be provided in such written consent. In any event, this Acquisition Agreement shall

terminate upon the earlier of (i) ten (10) years following the issuance of building permits for all dwelling units expected to be built within the District or (ii) the funding of all Facilities pursuant to this Acquisition Agreement.

Section 7.2 City Election to Terminate for Cause. The following events shall constitute grounds for the City, at its option and in its sole discretion, to terminate this Acquisition Agreement, without the consent of the Owner:

(a) The Owner shall voluntarily file for reorganization or other relief under any Federal or State bankruptcy or insolvency law.

(b) The Owner shall have any involuntary bankruptcy or insolvency action filed against it, or shall suffer a trustee in bankruptcy or insolvency or receiver to take possession of the assets of Owner, or shall suffer an attachment or levy of execution to be made against the property it owns within the District unless, in any of such cases, such circumstance shall have been terminated or released within ninety (90) days thereafter.

(c) The Owner shall abandon construction of the Facilities. Failure for a period of six consecutive months to undertake substantial work related to the construction of Facilities that are required to be constructed at that time pursuant to the Conditions of Approval, other than for a reason specified in Section 7.3 hereof, shall constitute a non-inclusive example of such abandonment.

(d) The Owner shall breach any material covenant or default in the performance of any material obligation hereunder.

(e) The Owner shall transfer any of its rights or obligations under this Acquisition Agreement without the prior written consent of the City or as otherwise permitted hereunder.

(f) The Owner shall have made any material misrepresentation or omission of any written materials furnished in connection with any preliminary official statement, official statement or bond purchase contract used in connection with the sale of any series of the Bonds.

If any such event occurs, the City shall give written notice of its knowledge thereof to the Owner, and the Owner agrees to meet and confer with the Director and other appropriate City staff and consultants as to options available to assure timely completion of the Facilities. Such options may include, but not be limited to the termination of this Acquisition Agreement by the City. If the City elects to terminate this Acquisition Agreement, the City shall first notify the Owner (and any mortgagee or trust deed beneficiary specified in writing by the Owner to the City to receive such notice) of the grounds for such termination and allow the Owner a reasonable period (minimum of thirty (30) days) to eliminate or mitigate to the satisfaction of the Director the grounds for such termination. Such period may be extended, at the sole discretion of the City, if the Owner, to the satisfaction of the City, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof, as determined solely by the City), the Owner has not eliminated or completely mitigated such grounds, to the satisfaction of the City, the City may then terminate this Acquisition Agreement.

Notwithstanding the foregoing, so long as any event listed in any of clauses (a) through and including (f) above has occurred, notice of which has been given by the City to the Owner, and such

event has not been cured or otherwise eliminated by the Owner, the City may in its sole discretion cease making payments for the Purchase Price of Facilities or Discrete Components under Article V hereof.

Section 7.3 Force Majeure. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes, inclement weather or other acts of God, war, civil commotion, riots, strikes, acts of terrorism, picketing, other labor disputes, damage to work in progress by casualty, government shutdowns, moratoria or other restrictive laws or regulations, or the acts, omissions or breach of agreement by the other party to this Acquisition Agreement or its agents, contractors or subcontractors, or by other cause beyond the reasonable control of the party (financial inability excepted), then the specified time for performance shall be extended by the amount of the delay actually so caused.

**ARTICLE VIII
MISCELLANEOUS**

Section 8.1 Limited Liability of City. The Owner agrees that any and all obligations of the City arising out of or related to this Acquisition Agreement are special and limited obligations of the District and City and the City's obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Improvement Fund and from no other source. No member of the City Council, or City staff member, employee or agent shall incur any liability hereunder to the Owner or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 8.2 Excess Costs. Subject to the limitations of this Acquisition Agreement, the Owner agrees to pay all costs of the Facilities that it is obligated to construct in excess of the monies available therefor in the Improvement Fund.

Section 8.3 Review of Records. The Director and/or the Finance Manager or other finance officer of the City shall have the right, during normal business hours and upon the giving of two (2) business days prior written notice to the Owner, to review all books and records of the Owner pertaining to the Actual Cost incurred by the Owner in to any of the Facilities, and any bids taken or received for the construction thereof or materials therefor. Owner shall have the right, during normal business hours and upon the giving of two (2) business days prior written notice to the Finance Manager, to review all books and records of the City and District pertaining to the Special Taxes and Bonds and DIFs.

Section 8.4 Attorney's Fees. In the event that any action or suit is instituted by either party against the other arising out of this Acquisition Agreement, the party in whose favor final judgment shall be entered shall be entitled to recover from the other party all costs and expenses of suit, including reasonable attorneys' fees.

Section 8.5 Notices. Any notice, payment or instrument required or permitted by this Acquisition Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered, or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by overnight delivery an original of the same within twenty-four hours after such transmission), addressed as follows:

City and District: City of Beaumont
550 East 6th Street
Beaumont, CA 92223
Attention: City Manager, City Clerk

With a copy to: John Pinkney
Slovak Baron Empey Murphy & Pinkney, LLP
1800 E. Tahquitz Canyon Way
Palm Springs, CA 92262

Owner: SDC Fairway Canyon, LLC
2392 Morse Avenue
Irvine, California 92614
Attention: Bruce Cook, General Counsel

With a copy to: Argent Management
2392 Morse Avenue
Irvine, CA 92614
Attention: Mike Turner

and a copy to: Doug Praw
Holland & Knight LLP
400 South Hope Street, 8th Floor
Los Angeles, CA 90071

Each party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

Section 8.6 Severability. If any part of this Acquisition Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Acquisition Agreement shall be given effect to the fullest extent possible.

Section 8.7 Successors and Assigns. This Acquisition Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Acquisition Agreement shall not be assigned by the Owner, except in whole to an Affiliate, or to any other entity of which the Owner and/or its members or partners will be managing members or general partners which assume all of the Owner's obligations hereunder (which transfer is expressly authorized hereunder, upon prior written notice to the City without further act of the City), without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed. In connection with any required consent of the City, the City may condition its consent upon the acceptability of the financial condition of the proposed assignee, the assignee's express assumption of all obligations of the Owner hereunder, and/or upon any other factor which the City deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned, and shall not be effective until approved by the City. Without the City's written consent, no assignment shall release the Owner from its obligations and liabilities under this Acquisition Agreement.

Section 8.8 Other Agreements. The obligations of the Owner hereunder shall be those of a party hereto and not as an owner of property in the District. Nothing herein shall be construed as

affecting the City's or the Owner's rights, or duties to perform their respective obligations, under other agreements, if any, use regulations or subdivision requirements relating to the development of the lands in the District. This Acquisition Agreement shall not confer any additional rights, or waive any rights given, by either party hereto under any development or other agreement to which they are a party.

Section 8.9 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Acquisition Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Acquisition Agreement thereafter.

Section 8.10 Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Acquisition Agreement shall be binding.

Section 8.11 Parties in Interest. Nothing in this Acquisition Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City, the District and the Owner any rights, remedies or claims under or by reason of this Acquisition Agreement or any covenants, conditions or stipulations hereof; and all covenants, conditions, promises, and agreements in this Acquisition Agreement contained by or on behalf of the City, the District or the Owner shall be for the sole and exclusive benefit of the City, the District and the Owner.

Section 8.12 Amendment. This Acquisition Agreement may be amended, from time to time, by written Supplement hereto and executed by the City, the District and the Owner; provided, further, that Exhibit A may be modified to add additional authorized facilities or make adjustments to the existing Facilities only with the written approval of the City Council and the Owner.

Section 8.13 Counterparts. This Acquisition Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 8.14 Termination. This Acquisition Agreement shall terminate and be of no further force as of December 31, 2024, unless extended by agreement of all the parties. If the Acquisition Agreement is terminated as provided herein, none of the City, the District or the Owner shall have any further responsibility or liability pursuant to this Acquisition Agreement. Upon the termination of this Agreement, the City shall direct the use of any remaining Bond or Special Tax proceeds to complete any remaining authorized facilities, redeem Bonds or use in any way permitted by the Act.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Acquisition Agreement as of the day and year first-above written.

CITY OF BEAUMONT

By: _____

ATTESTED TO:

City Clerk

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 2016-1 (FAIRWAY CANYON)

By: _____

ATTESTED TO:

City Clerk

SDC FAIRWAY CANYON, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

**ACQUISITION AGREEMENT
(CFD NO. 2016-1 (FAIRWAY CANYON))**

EXHIBIT A

**DESCRIPTION OF FACILITIES AND DISCRETE COMPONENTS ELIGIBLE FOR
ACQUISITION FROM THE OWNER**

Facility ^{1,2}	Estimated Cost
Sewer Lift Stations – Palmer Ave & PA1 Sewer Lift stations, Force Mains & 15” PVC trunk main	\$4,657,426
Storm Drain Imps. Phase 1 - Tract 31462, Cherry Valley Blvd., Palmer Ave., & Champions	\$1,915,860
Tunnels Phase 1 – Cherry Valley Blvd., Tunnels T-1, T-2, Bridge B	\$1,104,935
Gas Line Relocation – Oak Valley Pkwy.	\$614,031
Dry Utilities – Phase 1 Infrastructure	\$637,867
Dry Utilities – Phase 3 Infrastructure	\$653,224
Wastewater Treatment Plant - Grading	\$425,036
Engineering and Consulting Services – Phases 1 & 3	\$2,649,378
Agency Fees, Bonds & Permits Phases 1 & 3	\$1,236,376
Street Improvements – Phase 2 Tukwet Canyon Pkwy. (Champions to Michelson)	\$300,000
Sewer & Storm Drain Improvements – Phase 2 Infrastructure	\$400,000
Tunnel Phase 2 – 1 Tunnel (Stewart)	\$600,000
Dry Utilities – Phase 2 Infrastructure	\$400,000
Engineering and Consulting Services – Phase 2	\$255,000
Agency Fees, Bonds & Permits Phase 2	\$119,000

¹ The description of the above Facilities shall also include any appurtenant cost required for completion of such Facility including, but not limited to, grading, wet utility improvements, paving, dry utilities, performance bonds, design, planning, and engineering costs, etc.

² Unless agreed to otherwise by the Owner and the City, dry utility cost reimbursements shall not exceed 5% of the proceeds of any series of Bonds.

ACQUISITION AGREEMENT

EXHIBIT B

FORM OF PAYMENT REQUEST (FACILITIES)

PAYMENT REQUEST NO. ____

The undersigned (the "Owner"), hereby requests payment to the Payees listed on Attachment 2 in the total amount of \$ _____ for the Facilities (as defined in the Acquisition Agreement, dated as of _____ 1, 2019 by and among the City of Beaumont (the "City"), the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) and the Owner), or Discrete Components thereof (as described in Exhibit A to that Acquisition Agreement), all as more fully described in Attachment 1 hereto. In connection with this Payment Request, the undersigned hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized officer of the Owner, qualified to execute this Payment Request for payment on behalf of the Owner and is knowledgeable as to the matters set forth herein.

2. All costs of the Facilities or Discrete Components thereof for which payment is requested hereby are Actual Costs (as defined in the Acquisition Agreement referenced above) and have not been inflated or misrepresented in any respect. The items for which payment is requested have not been the subject of any prior payment request submitted to the City.

3. Supporting documentation (such as third party invoices) is attached with respect to each cost for which payment is requested.

4. There has been full compliance with applicable laws relating to prevailing wages for the work to construct the Facilities or Discrete Components thereof for which payment is requested.

5. The Facilities or Discrete Components thereof for which payment is requested were constructed in accordance with all applicable City or other governmental standards, and in accordance with Plans approved by the City.

6. The Owner is in compliance with the terms and provisions of the Acquisition Agreement.

7. The Purchase Price for each Facility or Discrete Component (a detailed calculation of which is shown in Attachment 2 hereto for each such Facility or Discrete Component), has been calculated in conformance with the terms of the Acquisition Agreement.

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

Dated: _____

OWNER:
SDC FAIRWAY CANYON, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

Dated: _____

CITY:

Payment Request Approved for Submission to
Finance Manager

By: _____
Director of Public Works

ACQUISITION AGREEMENT

ATTACHMENT 1

EXHIBIT B

[List here all Facilities or Discrete Components thereafter which payment is requested, and attach support documentation.]

ACQUISITION AGREEMENT

ATTACHMENT 2

EXHIBIT B

CALCULATION OF PURCHASE PRICE

[Use a separate sheet for each Facility or Discrete Component for which payment is being requested]

- | | | |
|----|--|----|
| 1. | Description (by reference to Exhibit A to the Acquisition Agreement) of the Facility or Discrete Component | \$ |
| 2. | Actual Cost (list here total of supporting invoices and/or other documentation supporting determination of Actual Cost): | \$ |
| 3. | Subtractions from Purchase Price: | \$ |
| | A. Holdback for Lien releases (if any, see Section 3.4 of the Acquisition Agreement) | \$ |
| | B. Retention (if any, see Section 3.4 of the Acquisition Agreement) | \$ |
| 4. | Total disbursement requested (Amount listed in 2, less amounts, if any, listed in 3) | \$ |

Payment shall be directed to following payee(s):

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

OWNER:

Dated: _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

CITY:

Payment Request Approved for Submission to
Finance Manager

Dated: _____

By: _____

Director of Public Works

ACQUISITION AGREEMENT

EXHIBIT C

CITY CFD POLICIES

BOND INDENTURE

between

**CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY CANYON)**

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee**

**\$ _____
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1
2019 SPECIAL TAX BONDS**

Dated as of March 1, 2019

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS

Section 1.1	Definitions.....	2
-------------	------------------	---

ARTICLE II GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1	Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds	13
Section 2.2	Type and Nature of Bonds and Parity Bonds.....	13
Section 2.3	Equality of Bonds and Parity Bonds and Pledge of Net Taxes.....	14
Section 2.4	Description of Bonds; Interest Rates.....	14
Section 2.5	Place and Form of Payment	15
Section 2.6	Form of Bonds and Parity Bonds.....	16
Section 2.7	Execution and Authentication.....	16
Section 2.8	Bond Register.....	17
Section 2.9	Registration of Exchange or Transfer	17
Section 2.10	Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds.....	17
Section 2.11	Validity of Bonds and Parity Bonds.....	18
Section 2.12	Book-Entry System	18
Section 2.13	Representation Letter	19
Section 2.14	Transfers Outside Book-Entry System.....	19
Section 2.15	Payments to the Nominee.....	19
Section 2.16	Initial Depository and Nominee.....	19

ARTICLE III CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Section 3.1	Creation of Funds; Application of Proceeds	19
Section 3.2	Deposits to and Disbursements from Special Tax Fund	20
Section 3.3	Administrative Expense Fund.....	21
Section 3.4	Interest Account and Principal Account of the Special Tax Fund	21
Section 3.5	Redemption Account of the Special Tax Fund	22
Section 3.6	Reserve Account of the Special Tax Fund	23
Section 3.7	Rebate Fund	24
Section 3.8	Surplus Fund	24
Section 3.9	Costs of Issuance Fund.....	25
Section 3.10	Acquisition and Construction Fund	26
Section 3.11	Investments	26

ARTICLE IV REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1	Redemption of Bonds.....	28
Section 4.2	Selection of Bonds and Parity Bonds for Redemption.....	30
Section 4.3	Notice of Redemption	30
Section 4.4	Partial Redemption of Bonds or Parity Bonds	31
Section 4.5	Effect of Notice and Availability of Redemption Money.....	31

TABLE OF CONTENTS

(continued)

Page

**ARTICLE V
COVENANTS AND WARRANTY**

Section 5.1 Warranty..... 32
Section 5.2 Covenants..... 32

**ARTICLE VI
AMENDMENTS TO INDENTURE**

Section 6.1 Supplemental Indentures or Orders Not Requiring Bondowner Consent 36
Section 6.2 Supplemental Indentures or Orders Requiring Bondowner Consent 36
Section 6.3 Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity
Bonds 37

**ARTICLE VII
TRUSTEE**

Section 7.1 Trustee..... 37
Section 7.2 Removal of Trustee 38
Section 7.3 Resignation of Trustee 39
Section 7.4 Liability of Trustee..... 39
Section 7.5 Merger or Consolidation 41

**ARTICLE VIII
EVENTS OF DEFAULT; REMEDIES**

Section 8.1 Events of Default..... 41
Section 8.2 Remedies of Owners 42
Section 8.3 Application of Revenues and Other Funds After Default..... 42
Section 8.4 Power of Trustee to Control Proceedings 43
Section 8.5 Appointment of Receivers..... 43
Section 8.6 Non-Waiver..... 43
Section 8.7 Limitations on Rights and Remedies of Owners..... 44
Section 8.8 Termination of Proceedings 44

**ARTICLE IX
DEFEASANCE AND PARITY BONDS**

Section 9.1 Defeasance 44
Section 9.2 Conditions for the Issuance of Parity Bonds and Other Additional
Indebtedness..... 46

**ARTICLE X
MISCELLANEOUS**

Section 10.1 Cancellation of Bonds and Parity Bonds 48
Section 10.2 Execution of Documents and Proof of Ownership..... 48
Section 10.3 Unclaimed Moneys 49
Section 10.4 Provisions Constitute Contract..... 49
Section 10.5 Future Contracts 49
Section 10.6 Further Assurances..... 49

TABLE OF CONTENTS

(continued)

	Page
Section 10.7 Severability	49
Section 10.8 Notices	50
Section 10.9 Governing Law.....	50
Signature Page	S-1
EXHIBIT A FORM OF 2019 SPECIAL TAX BOND.....	A-1
EXHIBIT B FORM OF REQUISITION FOR COSTS OF ISSUANCE	B-1
EXHIBIT C FORM OF REQUISITION FOR DISBURSEMENT OF PROJECT COSTS	C-1

BOND INDENTURE

THIS BOND INDENTURE (the "Indenture") dated as of March 1, 2019, by and between the CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY CANYON) (the "District") and WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee (the "Trustee"), governs the terms of the City of Beaumont Community Facilities District No. 2016-1 2019 Special Tax Bonds issued in accordance herewith.

RECITALS:

WHEREAS, the City Council of the City of Beaumont, located in Riverside County, California (hereinafter sometimes referred to as the "legislative body of the District" or the "City"), has heretofore undertaken proceedings and declared the necessity to issue bonds on behalf of the District pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the "Act"); and

WHEREAS, the legislative body of the District adopted a Resolution on May 17, 2016, and held elections within the District on May 17, 2016 to authorize the levy of a special tax and the issuance of bonds by the District, in an aggregate principal amount not to exceed \$13,000,000; and

WHEREAS, the legislative body of the District desires to finance certain public improvements (the "Facilities") eligible for financing by the District through the issuance of bonds in an aggregate principal amount of \$_____ designated as the "City of Beaumont Community Facilities District No. 2016-1 2019 Special Tax Bonds" (the "Bonds"), to fund a deposit to the Reserve Account, and to pay certain costs related to the issuance of the Bonds; and

WHEREAS, the Bonds are to be issued and sold in accordance with a resolution of the City Council of the City, acting in its capacity as the legislative body of the District, adopted on February 19, 2019, and with this Indenture; and

WHEREAS, the District has determined that all requirements of the Act and the applicable provisions of the policies of the City for the issuance of the Bonds under the Act have been satisfied; and

WHEREAS, upon their issuance, the Bonds will be the only outstanding bonds of the District and the District may issue Parity Bonds or Subordinated Bonds in the future in accordance herewith but shall not issue any bonds or indebtedness that have a lien, charge, pledge or encumbrance on the Net Taxes that is senior or superior to the lien, charge, pledge and encumbrance thereon for the Bonds;

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Owners of the Bonds which may be issued hereunder from time to time, as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

“Account” means any account created pursuant to this Indenture.

“Acquisition Agreement” means that certain Acquisition Agreement relating to the District, by and among the City and SDC Fairway Canyon, LLC, a Delaware limited liability company, together with any amendments thereto.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 *et seq.* of the California Government Code.

“Acquisition and Construction Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Administrative Expenses” means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, the District or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, the District or any designee thereof of complying with disclosure requirements of the City, the District or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, the District or any designee thereof related to an appeal of any Special Tax levy; the costs associated with the release of funds from an escrow account; and the City’s annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator (as defined in the RMA) or advanced by the City or the District for any other administrative purposes of the District, including attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure action to collect delinquent Special Taxes.

“Administrative Expense Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Administrative Expenses Cap” means \$30,000.

“Annual Debt Service” means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled.

“Authorized Representative of the District” means the Mayor of the legislative body of the District, the City Manager, the Assistant City Manager, the Director of Finance or any other person

or persons designated by the Mayor of the legislative body of the District, the City Manager, the Assistant City Manager or the Director of Finance by a written certificate signed by one of such officers of the City and containing the specimen signature of each such person.

“Bond Counsel” means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Register” means the books which the Trustee shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

“Bondowner” or “Owner” means the person or persons in whose name or names any Bond or Parity Bond is registered.

“Bonds” means the District’s 2019 Special Tax Bonds issued on _____, 2019 in the aggregate principal amount of \$_____.

“Bond Year” means the twelve-month period ending on September 1 of each year; provided, however, that the first Bond Year shall begin on the Delivery Date and end on September 1, 2019.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Trustee is located, are not required or authorized to remain closed.

“Certificate of an Authorized Representative” means a written certificate or warrant request executed by an Authorized Representative of the District.

“Certificate of the Special Tax Consultant” means a certificate of Webb Municipal Finance, LLC, or any successor entity appointed by the District, to administer the calculation and collection of the Special Taxes.

“City” means the City of Beaumont, California.

“Code” means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate dated _____, 2019, executed and delivered by the District, together with any amendments thereto.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Trustee, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the preliminary and final official statements for the Bonds and Parity Bonds, fees of financial consultants, fees of special tax consultants and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative of the District.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Delivery Date” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

“Depository” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Bonds, including any such successor appointed pursuant to Section 2.16 hereof.

“Developed Property” has the meaning ascribed to it in the RMA.

“District” means City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) established pursuant to the Act and the Resolution of Formation.

“Event of Default” shall mean the “event of default” described in Section 8.1 hereof.

“Federal Securities” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasuries”) or obligations for which the full faith and credit of the United States of America are unconditionally pledged for the payment of interest and principal, (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by Standard & Poor’s and Moody’s, respectively (or any combination thereof).

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

“Fitch” means Fitch Ratings, New York, New York, or its successors, and if such organization shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“Gross Taxes” means the amount of all Special Taxes received by the District from the Treasurer, together with all payments made with respect to tax-defaulted parcels (including all delinquent and redemption penalties, fees and costs) and the proceeds collected from the sale of property pursuant to the foreclosure provisions of this Indenture.

“Indenture” means this Bond Indenture, together with any Supplemental Indenture approved pursuant to Article VI hereof.

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom:

- (1) is in fact independent and not under the domination of the District or the City;
- (2) does not have any substantial interest, direct or indirect, in the District or the City; and

(3) is not connected with the District or the City as a member, officer or employee of the District or the City, but who may be regularly retained to make annual or other reports to the District or the City.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org; provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other organizations providing information with respect to called bonds as the District may designate to the Trustee in writing.

“Interest Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Interest Payment Date” means each March 1 and September 1, commencing September 1, 2019; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next succeeding such date.

“Investment Agreement” means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in subsection (11) of the definition of Permitted Investments herein.

“Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year:

- (1) the principal amount of all Outstanding Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and
- (2) the interest payable on the aggregate principal amount of all Bonds and Parity Bonds Outstanding in such Bond Year if the Bonds and Parity Bonds are retired as scheduled.

“Moody’s” means Moody’s Investors Service, New York, New York, or its successors, and if such organization shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“Net Taxes” means Gross Taxes minus amounts set aside to pay Administrative Expenses up to the Administrative Expenses Cap.

“Nominee” shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.16 hereof.

“Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds theretofore issued by the District, except:

- (1) Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with Section 10.1 hereof;
- (2) Bonds and Parity Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date

of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Indenture or any applicable Supplemental Indenture for Parity Bonds; and

(3) Bonds and Parity Bonds which have been surrendered to the Trustee for transfer or exchange pursuant to Section 2.9 hereof or for which a replacement has been issued pursuant to Section 2.10 hereof.

“Parity Bonds” means all bonds, notes or other similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided in this Indenture or any Supplemental Indenture, rank on a parity with the Bonds, pursuant to Section 9.2 hereof.

“Participants” shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as a securities depository.

“Permitted Investments” means any of the following that at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided that the Trustee may rely upon investment direction of the District as a determination that such investment is a legal investment):

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(a) Federal Home Loan Mortgage Corporation (FHLMC)

(i) Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

(ii) Senior Debt obligations

(b) Farm Credit Banks (formerly: Federal Land Banks, Federal

(i) Intermediate Credit Banks and Banks for Cooperatives)

(ii) Consolidated system-wide bonds and notes

- (c) Federal Home Loan Banks (FHL Banks)
 - (i) Consolidated debt obligations
- (d) Federal National Mortgage Association (FNMA)
 - (i) Senior debt obligations
 - (ii) Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- (e) Financing Corporation (FICO)
 - (i) Debt obligations
- (f) Resolution Funding Corporation (REFCORP)
 - (i) Debt obligations

4. Bank deposit products, unsecured certificates of deposit (including those placed by a third party pursuant to an agreement between the District and the Trustee), trust funds, trust accounts, overnight banking deposits, interest bearing deposits, interest bearing money market accounts, time deposits, demand deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated "A-1" or "A-2" without regard to qualifier by a nationally recognized rating agency service.

5. Deposits (including bank deposit products) the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), or collateralized by Permitted Investments described in (1) above, in banks (including the Trustee and any affiliate) which have capital and surplus of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days rated "A-1+" by Standard & Poor's or "Prime-1" by Moody's).

7. Money market mutual funds rated "AAm" or "AAm-G" by a nationally recognized rating agency service, or better (including those for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise) but excluding such funds with a floating net asset value.

8. "State Obligations," which means:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by Standard & Poor's, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by Standard & Poor's or "Prime-1" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by Standard & Poor's or "Aa" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by Standard & Poor's or "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the paying agent for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or paying agent in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the paying agent or escrow agent.

10. Repurchase or reverse repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by Standard & Poor's or Moody's (including the Trustee or any of its affiliates); or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by Standard & Poor's or Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by Standard & Poor's or Moody's, provided that:

(a) The collateral shall be securities described in clause 1(a), (b) or (c) of this subsection, and the market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee or the District to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

(b) The Trustee or a third party acting solely as agent therefor or for the District (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(c) The repurchase or reverse repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase or reverse repurchase agreement shall provide that if during its term the provider's rating by either Moody's or Standard & Poor's is withdrawn or suspended or falls below "A" by Standard & Poor's or "A3" by Moody's, as appropriate, the provider must, at the direction of Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Trustee or the District.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by Standard & Poor's or Moody's, respectively.

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by Standard & Poor's or "Aa" by Moody's; provided that, by the terms of the investment agreement:

(a) interest payments are to be made to the Trustee or the District at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Improvement Fund, construction draws) on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Trustee or the District hereby agrees to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments

under the agreement ranks pari passu with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

(d) the Trustee and the District receives the opinion of domestic counsel (which opinion shall be addressed to Trustee and the District that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Trustee and the District;

(e) the investment agreement shall provide that if during its term

(i) the provider's rating by either Standard & Poor's or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (y) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Standard & Poor's and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (z) repay the principal of and accrued but unpaid interest on the investment; and

(ii) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee or District; and

(f) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(g) the investment agreement must provide that if during its term

(i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee or the District, and

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated

and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee or the District.

12. The State of California Local Agency Investment Fund.

“Person” means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

“Prepayments” means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the RMA.

“Principal Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Principal Office of the Trustee” means the office of the Trustee located in Costa Mesa, California, or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as Trustee under indentures pursuant to which municipal or governmental obligations are issued.

“Proceeds Fund” means the fund by that name created and established pursuant to Section 3.1 hereof.

“Project” means those public facilities described in the Acquisition Agreement which are to be acquired or constructed within and outside of the District, including all engineering, planning and design services and other incidental expenses related to such facilities.

“Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds or any Parity Bonds, including, but not limited to, remarketing, credit enhancement, Trustee and other fees and expenses relating to the issuance of the Bonds or any Parity Bonds, and to pay any other “incidental expenses” of the District, as such term is defined in the Act.

“Rating Agency” means Fitch, Moody’s and Standard & Poor’s, or any one of such entities, as the context requires.

“Rebate Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“Representation Letter” shall mean the Blanket Letter of Representations from the District to the Depository as described in Section 2.13 hereof.

“Reserve Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Reserve Requirement” means that amount as of any date of calculation equal to the lesser of (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any, (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; and (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds. Notwithstanding the foregoing, in no event shall the Reserve Requirement exceed \$_____, the initial Reserve Requirement.

“Resolution of Formation” means the Resolution adopted by the City Council on May 17, 2016 pursuant to which the City formed the District, and authorized the levy of Special Taxes therein.

“RMA” means that certain Rate and Method of Apportionment for the District approved pursuant to the Resolution of Formation as it may be amended in accordance with the Act.

“Sinking Fund Payment” means the annual payment to be deposited in the Principal Account to redeem a portion of the Term Bonds in accordance with the schedules set forth in Section 4.1(b) hereof and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

“Special Tax Fund” means the fund by that name created and established pursuant to Section 3.1 hereof.

“Special Taxes” means the taxes authorized to be levied by the legislative body of the District on property within the District as a Special Tax for Facilities in accordance with the Resolution of Formation, the Act, the RMA and the voter approval obtained at the May 17, 2016 election in the District.

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business or its successors and if such organization shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“Subordinated Bonds” means any bonds or indebtedness of the District that have a lien, charge, pledge or encumbrance on the Net Taxes junior and subordinated to the lien, charge, pledge and encumbrance thereon for the Bonds and any Parity Bonds.

“Supplemental Indenture” means any supplemental indenture amending or supplementing this Indenture.

“Surplus Fund” means the fund by that name created and established pursuant to Section 3.1 hereof.

“Tax Certificate” means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Taxable Property” has the meaning ascribed to it in the RMA.

“Term Bonds” means the Bonds maturing on September 1, 20__ and on September 1, 20__, and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

“Treasurer” means the Treasurer-Tax Collector of the County of Riverside, or his or her written designee.

“Trustee” means Wilmington Trust, National Association, a national banking association duly organized and existing under the laws of the United States, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

“Underwriter” means Piper Jaffray & Co., with respect to the Bonds and, with respect to each issue of Parity Bonds, the institution or institutions, if any, with whom the District enters into a purchase contract for the sale of such issue.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1 Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds. Under and pursuant to the Act, the Bonds in the aggregate principal amount of \$_____, together with any Parity Bonds authorized by the legislative body in accordance with Section 9.2 hereof, shall be issued for the purpose of financing the Project, paying Costs of Issuance and funding a Reserve Account. The Bonds and any Parity Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and the other amounts in the Special Tax Fund.

Section 2.2 Type and Nature of Bonds and Parity Bonds. Neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the City nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund, as more fully described herein. The District’s limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District’s property, or upon any of its income, receipts or revenues, except the Net Taxes and other amounts in the Special Tax Fund which are, under the terms of this Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon and neither the members of the legislative body of the District or the City Council of the City nor any persons executing the Bonds or any Parity Bonds, are liable personally on the Bonds or any Parity Bonds, by reason of their issuance.

Notwithstanding anything to the contrary contained in this Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds or any Parity Bonds, or for the performance of any covenants contained herein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Section 2.3 Equality of Bonds and Parity Bonds and Pledge of Net Taxes. Pursuant to the Act and this Indenture, the Bonds and any Parity Bonds shall be secured by a pledge, charge, lien and encumbrance upon and equally payable from the Net Taxes and other amounts in the Special Tax Fund, without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund, which are hereby set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by this Indenture or any Supplemental Indenture. Notwithstanding any provision contained in this Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund shall no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Acquisition and Construction Fund, the Costs of Issuance Fund or the Administrative Expense Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in this Indenture or any Supplemental Indenture shall preclude: (i) subject to the limitations contained hereunder, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption and payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California; or (ii) the issuance, subject to the limitations contained herein, of Parity Bonds which shall be payable from Net Taxes.

Section 2.4 Description of Bonds; Interest Rates. The Bonds and any Parity Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds and any Parity Bonds of each issue shall be numbered as desired by the Trustee.

The Bonds shall be designated "CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2016-1 2019 SPECIAL TAX BONDS." The Bonds shall be dated as of their Delivery Date and shall mature and be payable on September 1 in the years and in the aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below payable on September 1, 2019 and each Interest Payment Date thereafter:

*Maturity Date
(September 1)*

Principal Amount

\$

Interest Rate

%

* Term Bond

Interest shall be payable on each Bond and Parity Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date thereafter until the principal sum of that Bond or Parity Bond has been paid; provided, however, that if at the maturity date of any Bond or Parity Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full, in accordance with the terms of this Indenture, such Bonds and Parity Bonds shall then cease to bear interest. Interest due on the Bonds and Parity Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.5 Place and Form of Payment. The Bonds and Parity Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and Parity Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Principal Office of the Trustee, or at the designated office of any successor Trustee. Interest on any Bond or Parity Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond or Parity Bond, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond or Parity Bond, in which event interest shall be payable from the dated date of such Bond or Parity Bond, as applicable; provided, however, that if at the time of authentication of such Bond or Parity Bond, interest is in default, interest on that Bond or Parity Bond shall be payable from the last Interest Payment Date to

which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on that Bond or Parity Bond, interest on that Bond or Parity Bond shall be payable from its dated date. Interest on any Bond or Parity Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond or Parity Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Owner.

Section 2.6 Form of Bonds and Parity Bonds. The definitive Bonds may be printed from steel engraved or lithographic plates or may be typewritten. The Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of such Bonds and of the certificate of authentication. Each issue of Parity Bonds and the certificate of authentication therefor shall be in the form provided in the Supplemental Indenture for such issue of Parity Bonds.

Until definitive Bonds or Parity Bonds, as applicable, shall be prepared, the District may cause to be executed and delivered in lieu of such definitive Bonds or Parity Bonds temporary bonds in typed, printed, lithographed or engraved form and in fully registered form, subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds or Parity Bonds, except that they may be in any denominations authorized by the District. Until exchanged for definitive Bonds or Parity Bonds, as applicable, any temporary bond shall be entitled and subject to the same benefits and provisions of this Indenture as definitive Bonds and Parity Bonds. If the District issues temporary Bonds or Parity Bonds, it shall execute and furnish definitive Bonds or Parity Bonds, as applicable, without unnecessary delay and thereupon any temporary Bond or Parity Bond may be surrendered to the Trustee at its office, without expense to the Owner, in exchange for a definitive Bond or Parity Bond of the same issue, maturity, interest rate and principal amount in any authorized denomination. All temporary Bonds or Parity Bonds so surrendered shall be cancelled by the Trustee and shall not be reissued.

Section 2.7 Execution and Authentication. The Bonds and Parity Bonds shall be signed on behalf of the District by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Clerk, or any duly appointed deputy City Clerk, in their capacity as officers of the District. In case any one or more of the officers who shall have signed any of the Bonds or Parity Bonds shall cease to be such officer before the Bonds or Parity Bonds so signed have been authenticated and delivered by the Trustee (including new Bonds or Parity Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or Parity Bonds or to lost, stolen, destroyed or mutilated Bonds or Parity Bonds), such Bonds and Parity Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed such Bonds or Parity Bonds had not ceased to hold such office.

Only the Bonds as shall bear thereon such certificate of authentication in the form set forth in Exhibit A attached hereto shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee.

Section 2.8 Bond Register. The Trustee will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which shall upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in Section 2.9 below, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as herein provided.

The District and the Trustee may treat the Owner of any Bond or Parity Bond whose name appears on the Bond Register as the absolute Owner of that Bond or Parity Bond for any and all purposes, and the District and the Trustee shall not be affected by any notice to the contrary. The District and the Trustee may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Trustee of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

Section 2.9 Registration of Exchange or Transfer. Subject to the limitations set forth in the following paragraph, the registration of any Bond or Parity Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation at the office of the Trustee, accompanied by delivery of written instrument of transfer in a form acceptable to the Trustee and duly executed by the Bondowner or his or her duly authorized attorney.

Bonds or Parity Bonds may be exchanged at the office of the Trustee for a like aggregate principal amount of Bonds or Parity Bonds for other authorized denominations of the same maturity and issue. The Trustee shall not collect from the Owner any charge for any new Bond or Parity Bond issued upon any exchange or transfer, but shall require the Bondowner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds or Parity Bonds shall be surrendered for registration of transfer or exchange, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds or a new Parity Bond or Parity Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee shall not be required to register transfers or make exchanges of (i) Bonds or Parity Bonds for a period of 15 days next preceding any selection of the Bonds or Parity Bonds to be redeemed; or (ii) any Bonds or Parity Bonds chosen for redemption.

Section 2.10 Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds. If any Bond or Parity Bond shall become mutilated, the District shall execute, and the Trustee shall authenticate and deliver, a new Bond or Parity Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond or Parity Bond so mutilated, but only upon surrender to the Trustee of the Bond or Parity Bond so mutilated. Every mutilated Bond or Parity Bond so surrendered to the Trustee shall be cancelled by the Trustee pursuant to Section 10.1 hereof. If any Bond or Parity Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and, if any indemnity satisfactory to the Trustee shall be given, the District shall execute and the Trustee shall authenticate and deliver, a new Bond or Parity Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Trustee shall determine in lieu of and in substitution for the Bond or Parity Bond so lost, destroyed or stolen. Any Bond or Parity Bond issued in lieu of any Bond or Parity Bond alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately entitled to the benefits hereof with all other Bonds and Parity Bonds issued hereunder. The Trustee shall not treat both the original Bond or

Parity Bond and any replacement Bond or Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding hereunder, but both the original and replacement Bond or Parity Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond or Parity Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Bonds or Parity Bonds.

Section 2.11 Validity of Bonds and Parity Bonds. The validity of the authorization and issuance of the Bonds and any Parity Bonds shall not be affected in any way by any defect in any proceedings taken by the District and the recital contained in the Bonds or any Parity Bonds that the same are issued pursuant to the Act and other applicable laws of the State shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 2.12 Book-Entry System. The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered in the registration books kept by the Trustee in the name of the Nominee as nominee of the Depository. Except as provided in Section 2.14 hereof, all of the Outstanding Bonds shall be registered in the registration books kept by the Trustee in the name of the Nominee. At the election of the District, any Parity Bonds may also be issued as book-entry bonds registered in the name of the Nominee as provided herein, in which case the references in Sections 2.12 through 2.15 to “Bonds” shall be applicable to such Parity Bonds.

With respect to Bonds registered in the registration books kept by the Trustee in the name of the Nominee, the District and the Trustee shall have no responsibility or obligation to any such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The District and the Trustee may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the District’s obligations with respect to payment of the principal, premium, if any, and interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the registration books kept by the Trustee, shall receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee and the District of written notice to

the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

Section 2.13 Representation Letter. In order to qualify the Bonds and any Parity Bonds which the District elects to register in the name of the Nominee for the Depository's book-entry system, an authorized representative of the District is hereby authorized to execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.12 or in any other way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the registration books kept by the Trustee. The Trustee agrees to take all action necessary to continuously comply with all representations made with respect to the Trustee in the Representation Letter. In addition to the execution and delivery of the Representation Letter, each Authorized Representative of the District is hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

Section 2.14 Transfers Outside Book-Entry System. In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Depository shall no longer so act, then the District will discontinue the book-entry system with the Depository. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds so designated shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of the Nominee, but shall be registered in whatever name or names Persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 2.9 hereof.

Section 2.15 Payments to the Nominee. Notwithstanding any other provisions of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Section 2.16 Initial Depository and Nominee. The initial Depository under this Article II shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Section 3.1 Creation of Funds; Application of Proceeds.

(a) There is hereby created and established and shall be maintained by the Trustee the following funds and accounts in accordance with the terms of this Article:

(1) The City of Beaumont Community Facilities District No. 2016-1 Proceeds Fund (the "Proceeds Fund").

(2) The City of Beaumont Community Facilities District No. 2016-1 Special Tax Fund (the "Special Tax Fund") (in which there shall be established and created an Interest Account, a Principal Account, a Redemption Account and a Reserve Account).

(3) The City of Beaumont Community Facilities District No. 2016-1 Rebate Fund (the "Rebate Fund").

(4) The City of Beaumont Community Facilities District No. 2016-1 Acquisition and Construction Fund (the "Acquisition and Construction Fund").

(5) The City of Beaumont Community Facilities District No. 2016-1 Costs of Issuance Fund (the "Costs of Issuance Fund").

(6) The City of Beaumont Community Facilities District No. 2016-1 Surplus Fund (the "Surplus Fund").

(7) The City of Beaumont Community Facilities District No. 2016-1 Administrative Expense Fund (the "Administrative Expense Fund").

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Trustee and the Trustee shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of this Article III and shall disburse investment earnings thereon in accordance with the provisions of Sections 3.11 hereof.

In connection with the issuance of any Parity Bonds, the Trustee, at the direction of an Authorized Representative of the District, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

(b) The proceeds of the sale of the Bonds shall be received by the Trustee on behalf of the District and deposited in the Proceeds Fund, which proceeds shall be deposited and transferred as follows:

(1) \$ _____ shall be deposited to the Costs of Issuance Fund to pay the Costs of Issuance of the Bonds;

(2) \$ _____ shall be deposited to the Acquisition and Construction Fund to pay Project Costs; and

(3) \$ _____ shall be deposited to the Reserve Account of the Special Tax Fund to fund the Reserve Requirement.

Upon making the deposits and transfers set forth in this subsection (b), the Trustee shall close the Proceeds Fund. The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

Section 3.2 Deposits to and Disbursements from Special Tax Fund.

(a) Except for Prepayments which shall be deposited to the Redemption Account as specified in a Certificate of an Authorized Representative, the Trustee shall, on each date on which

the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

- (1) the Administrative Expense Fund;
- (2) the Interest Account of the Special Tax Fund;
- (3) the Principal Account of the Special Tax Fund;
- (4) the Redemption Account of the Special Tax Fund;
- (5) the Reserve Account of the Special Tax Fund;
- (6) the Rebate Fund; and
- (7) the Surplus Fund.

(b) At maturity of all of the Bonds and Parity Bonds and, after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for and any amounts owed to the Trustee have been paid in full, moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

Section 3.3 Administrative Expense Fund. The Trustee shall deposit in the Administrative Expense Fund from time to time amounts necessary to make timely payment of Administrative Expenses; provided, however, that, the total amount transferred in a Bond Year shall not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the Reserve Account to the Reserve Requirement.

Section 3.4 Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon optional or extraordinary redemption, shall be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by Section 3.3, at least five Business Days prior to each March 1 and September 1, the Trustee shall make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, then any deficiency shall be made up by transfers from the Reserve Account:

(a) To the Interest Account, an amount such that the balance in the Interest Account five Business Days prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account shall be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account five Business Days prior to September 1 of each year, commencing September 1, 2019, shall equal the principal payment due on the Bonds and any Parity Bonds on such September 1, whether at maturity or by Sinking Fund Payment, and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due at maturity or by Sinking Fund Payment.

Section 3.5 Redemption Account of the Special Tax Fund.

(a) After making the transfer to the Administrative Expense Fund, the Interest Account and the Principal Account of the Special Tax Fund pursuant to Sections 3.3 and 3.4 above, and in accordance with the District's election to call Bonds for optional redemption as set forth in Section 4.1(a) hereof, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee shall establish the Redemption Account and transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

(b) Prepayments deposited to the Redemption Account, along with any amounts that an Authorized Officer of the District directs to be transferred from the Reserve Account to the Redemption Account in connection with any Prepayments, shall be applied on the redemption date established pursuant to Section 4.1(c) hereof for the use of such Prepayments to the payment of the principal of, premium, and interest on the Bonds and Parity Bonds to be redeemed with such Prepayments; provided that amounts shall be transferred from the Reserve Account only if immediately following such redemption the amount in the Reserve Account will meet the Reserve Requirement.

(c) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender of such Bonds or Parity Bonds and in the case of an optional redemption or an extraordinary redemption from Prepayments to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account may be used to purchase Outstanding Bonds or Parity Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption or an extraordinary redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to Section 4.1(a) or 4.1(c) hereof, as applicable, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Section 3.6 Reserve Account of the Special Tax Fund. There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. The amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor and for the purpose of making any required transfer to the Rebate Fund pursuant to Section 3.7 hereof upon written direction from the District. If the amounts in the Interest Account or the Principal Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on the Bonds or any Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee shall withdraw from the Reserve Account for deposit in the Interest Account or the Principal Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in Sections 3.3, 3.4 and 3.5 above, the Trustee shall transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund shall be deemed available for transfer to the Reserve Account only if the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District, subject to any limitations in the Act, shall include the amount necessary to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates and the limitations of the Act.

(c) In connection with a redemption of Bonds pursuant to Section 4.1(a) or (c) or Parity Bonds in accordance with any Supplemental Indenture, or a partial defeasance of Bonds or Parity Bonds in accordance with Section 9.1 hereof, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The District shall set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to the Indenture to partially defease Bonds, and the Trustee shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of this section shall be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and shall be transferred to the Interest Account of the Special Tax Fund.

Section 3.7 Rebate Fund.

(a) General. The Trustee shall establish and maintain, when needed, a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. The District shall cause to be deposited in the Rebate Fund such amounts as required under the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section 3.7 and the Tax Certificate.

Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final treasury regulations as may be applicable to the Bonds from time to time, which the District covenants to pay or cause to be paid to the United States at the times and in the amounts determined under the Tax Certificate. The Trustee agrees to comply with all instructions given to it by the District in accordance with this covenant. The Trustee shall conclusively be deemed to have complied with the provisions of this Section 3.7 and the Tax Certificate if it follows the instructions of the District and shall not be required to take any actions hereunder in the absence of instructions from the District.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund with respect to the Bonds and each series of Parity Bonds after payment in full of such issue and after making the payments required to comply with this Section 3.7 and the applicable Tax Certificate for such issue may be withdrawn by the Trustee at the written direction of the District and utilized in any manner by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in this Section or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance and final payment of the Bonds and any Parity Bonds.

(d) Amendment Without Consent of Owners. This Section 3.7 may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis. Notwithstanding any provision of this Section, if the District shall provide to the Trustee an opinion of a nationally recognized bond or tax counsel that any specified action required under this Section 3.7 is no longer required or that some further or different action is required to maintain the tax-exempt status of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis, the Trustee and the District may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

Section 3.8 Surplus Fund. After making the transfers required by Sections 3.3, 3.4, 3.5, 3.6 and 3.7 hereof, as soon as practicable after each September 1, and in any event prior to each September 15, the Trustee shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing (i) that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to Section 5.2(b) hereof, or (ii) that certain amounts be transferred to the Acquisition and Construction Fund because such

amounts were included in the levy of Special Taxes for the previous Fiscal Year to pay for the acquisition or construction of the Project; provided, however, that, if a transfer is made to the Acquisition and Construction Fund and unexpended proceeds of the Bonds or an issue of Parity Bonds remain in the Acquisition and Construction Fund, the Trustee shall establish an account within the Acquisition and Construction Fund for amounts transferred from the Surplus Fund. Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the District (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (iii) to the Administrative Expense Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Fund are insufficient to pay Administrative Expenses; (iv) to the Acquisition and Construction Fund to pay Project Costs; or (v) for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested at the written direction of the District in Permitted Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Permitted Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Section 3.9 Costs of Issuance Fund.

(a) The moneys in the Costs of Issuance Fund shall be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative of the District to pay Costs of Issuance, substantially in the form attached as Exhibit B, and all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such Certificate, and the Trustee may rely on such payment instructions with no duty to investigate or inquire as to their authenticity or the authority under which they were given.

(b) Upon the receipt of a Certificate of an Authorized Representative of the District stating that all or a specified portion of the amount remaining in the Costs of Issuance Fund is no longer needed to pay Costs of Issuance, the Trustee shall transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Costs of Issuance Fund to the Acquisition and Construction Fund. On the date which is six months after the date of issuance of each series of Bonds and Parity Bonds, all amounts remaining in the Costs of Issuance Fund shall be transferred to the Acquisition and Construction Fund and the Costs of Issuance Fund shall be closed.

Section 3.10 Acquisition and Construction Fund.

(a) The Trustee shall hold the moneys in the Acquisition and Construction Fund and apply such moneys to pay Project Costs. Amounts for Project Costs shall be disbursed by the Trustee on behalf of the District from the Acquisition and Construction Fund as specified in a Request for Disbursement of Project Costs, substantially in the form of Exhibit C attached hereto, which must be submitted by an Authorized Representative of the District to the Trustee in connection with each requested disbursement.

(b) Upon receipt of a Certificate of an Authorized Representative of the District stating that all or a specified portion of the amount remaining in the Acquisition and Construction Fund or in any of the accounts therein is no longer needed to pay Project Costs, the Trustee shall transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Acquisition and Construction Fund and the accounts therein to the Principal Account or Redemption Account of the Special Tax Fund or to the Surplus Fund, as directed in the Certificate, provided that in connection with any direction to transfer amounts to the Surplus Fund there shall have been delivered to the Trustee with such Certificate an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Section 3.11 Investments. Moneys held in any of the Funds, Accounts and Subaccounts under this Indenture shall be invested at the written direction of the District in accordance with the limitations set forth below only in Permitted Investments which shall be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Permitted Investments shall be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on a Fund, Account or Subaccount shall be applied as follows: (i) investment earnings on all amounts deposited in the Costs of Issuance Fund, the Acquisition and Construction Fund, the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Reserve Account of the Special Tax Fund) shall be deposited in those respective Funds and Accounts, and (ii) investment earnings on all amounts deposited in the Reserve Account shall be deposited therein to be applied as set forth in Section 3.6. Moneys in the Funds, Accounts and Subaccounts held under this Indenture shall be invested by the Trustee as directed in writing by the District, from time to time, in Permitted Investments subject to the following restrictions:

(a) Moneys in the Costs of Issuance Fund and the Acquisition and Construction Fund shall be invested in Permitted Investments which will by their terms mature, or in the case of an Investment Agreement are available without penalty, as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Costs of Issuance Fund and the Acquisition and Construction Fund.

(b) Moneys in the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall be invested only in Permitted Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(c) Moneys in the Reserve Account of the Special Tax Fund may be invested only in Permitted Investments; provided that no such Permitted Investment of amounts in the Reserve Account shall mature later than the earlier of the final maturity date of the Bonds or any Parity Bonds.

(d) Moneys in the Rebate Fund shall be invested only in Permitted Investments of the type described in clause (1) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to Section 3.7 hereof or in Permitted Investments of the type described in clause (10) of the definition thereof as the District shall designate on forms provided by the Trustee.

(e) In the absence of written investment directions from the District, the Trustee shall invest solely in Permitted Investments specified in clause (7) of the definition thereof; and, if no such written direction is so received, the Trustee shall hold such moneys uninvested.

The Trustee shall sell, or present for redemption, any Permitted Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Funds and Accounts or from such Funds and Accounts. For the purpose of determining at any given time the balance in any such Funds and Accounts, any such investments constituting a part of such Funds and Accounts shall be valued at their cost, except that amounts in the Reserve Account shall be valued at the market value thereof at least annually within 5 Business Days prior to each September 1. In making any valuations hereunder, the Trustee may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything herein to the contrary, the Trustee shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Indenture.

The Trustee may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee for making such investment. The Trustee may sell at the best market price obtainable, or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and, subject to the provisions of Section 7.4, the Trustee shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

The Trustee shall furnish the District periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the District. Upon the District's election, such statements will be delivered via the Trustee's online service and, upon electing such service, paper statements will be provided only upon request. The District acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost, and other trade confirmations may be obtained from the applicable broker.

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1 Redemption of Bonds.

(a) Optional Redemption. The Bonds may be redeemed, at the option of the District from any source of funds, other than Prepayments, on any date on or after September 1, 20__, in whole, or in part by lot, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, at the following redemption prices (expressed a percentages of the principal amount of the Bonds to be redeemed):

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and any date thereafter	100

In the event the District elects to redeem Bonds as provided above, the District shall give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds of each maturity to be redeemed. The notice to the Trustee shall be given at least 45 but no more than 60 days prior to the redemption date, or by such later date as is acceptable to the Trustee, in its sole discretion.

(b) Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 20__ shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

BONDS MATURING SEPTEMBER 1, 20__

<i>Redemption Date (September 1)</i>	<i>Principal Amount</i>
20__	\$
(maturity)	

The Term Bonds maturing on September 1, 20__ shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

BONDS MATURING SEPTEMBER 1, 20__

<i>Redemption Date</i> <i>(September 1)</i>	<i>Principal Amount</i>
20__	\$

(maturity)

If the District purchases Term Bonds during the Fiscal Year immediately preceding one of the sinking fund redemption dates specified above, the District is required to notify the Trustee at least 45 days prior to the redemption date as to the principal amount purchased, and the amount purchased will be credited at the time of purchase to the next Sinking Fund Payment for the Term Bond so purchased, to the extent of the full principal amount of the purchase. All Bonds purchased pursuant to this subsection shall be cancelled pursuant to Section 10.1 hereof.

In the event of a partial optional redemption or extraordinary mandatory redemption of the Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis in the amount of \$5,000 or any integral multiple thereof as directed by an Authorized Representative of the District.

(c) Extraordinary Redemption. The Bonds are subject to extraordinary redemption as a whole or in part, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to Section 3.2, plus amounts transferred from the Reserve Account pursuant to Section 3.6(c), at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Price</i>
Interest Payment Dates to and including March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and each Interest Payment Date thereafter	100

Prepayments and amounts released from the Reserve Account in connection with Prepayments will be allocated to the redemption of the Bonds and any Parity Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of the Bonds and any Parity Bonds and shall be applied to redeem Bonds and Parity Bonds as nearly as practicable on a pro rata basis among maturities in increments of \$5,000; provided, however, that, for Prepayments of less than \$50,000, the District may specify in a Certificate of an Authorized Representative that Prepayments be applied to one or more maturities of the Bonds or Parity Bonds so long as there is delivered to the Trustee a Certificate of the Special Tax Consultant that, following such redemption from Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Developed Property is not less than 110% of Maximum Annual Debt Service net of the Administrative Expense Cap.

(d) The redemption provisions for Parity Bonds shall be set forth in a Supplemental Indenture.

Section 4.2 Selection of Bonds and Parity Bonds for Redemption. If less than all of the Bonds or Parity Bonds Outstanding are to be redeemed, the portion of any Bond or Parity Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof. The procedure for the selection of Parity Bonds for redemption may be modified as set forth in the Supplemental Indenture for such Parity Bonds. So long as the Bonds are registered in the name of the Nominee, such Bonds or any portion thereof shall be selected by the Depository in accordance with its operating procedures.

Section 4.3 Notice of Redemption. When Bonds or Parity Bonds are due for redemption under Section 4.1 above or under another redemption provision set forth in a Supplemental Indenture relating to any Parity Bonds and the Trustee has received the required notice from the District, the Trustee shall give notice, in the name of the District, of the redemption of such Bonds or Parity Bonds; provided, however, that, with respect to a redemption to be made from Prepayments pursuant to Section 4.1(c), notice of redemption shall not be given unless there is on deposit with the Trustee sufficient money to pay the redemption price of the Bonds or Parity Bonds to be redeemed. With respect to any notice of optional redemption of the Bonds and any Parity Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of, premium if any, and interest on the Bonds and any Parity Bonds to be redeemed and upon other conditions set forth therein and that, if such money shall not have been so received and such other conditions shall not have been satisfied, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds or Parity Bonds. If any condition stated in the redemption notice for an optional redemption shall not have been satisfied on or prior to the redemption date: (i) the redemption notice shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds or Parity Bonds, (iii) the redemption shall not be made, and (iv) the Trustee shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Such notice of redemption shall (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds or Parity Bonds selected for redemption, except that where all of the Bonds or all of an issue of Parity Bonds are subject to redemption, or all the Bonds or Parity Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds or Parity Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds or Parity Bonds are to be redeemed; (v) in the case of Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond which is to be redeemed; (vi) state the date of issue of the Bonds or Parity Bonds as originally issued; (vii) state the rate of interest borne by each Bond or Parity Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds or Parity Bonds being redeemed as shall be specified by the Trustee. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond, Parity Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable.

At least 30 days but no more than 45 days prior to the redemption date, the Trustee shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their

addresses appearing on the Bond Register, and to the original purchaser of the Bonds or Parity Bonds, as applicable; provided, however, so long as the Bonds or Parity Bonds are registered in the name of the Nominee, notice shall be given in such manner as complies with the requirements of the Depository. So long as notice has been provided as set forth above, the actual receipt by the Owner of any Bond or Parity Bond or the original purchaser of any Bond or Parity Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds or Parity Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect or omission in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the legality or effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption shall be sent not later than the date that notice of redemption is sent to the Bondowners pursuant to the first paragraph of this Section by registered or certified mail or overnight delivery service to the Depository (if the Depository has not already received such notice of redemption as the registered owner of the Bonds or Parity Bonds, as applicable) and to the Information Services.

Upon the payment of the redemption price of any Bonds and Parity Bonds being redeemed, each check or other transfer of funds issued for such purpose shall to the extent practicable bear the CUSIP number identifying, by issue and maturity, the Bonds and Parity Bonds being redeemed with the proceeds of such check or other transfer.

Section 4.4 Partial Redemption of Bonds or Parity Bonds. Upon surrender of any Bond or Parity Bond to be redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Bondowner, at the expense of the District, a new Bond or Bonds or a new Parity Bond or Parity Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity or, in the case of surrender of a Parity Bond, a new Parity Bond or Parity Bonds subject to the foregoing limitations.

Section 4.5 Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 4.3 hereof, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

(a) the Bonds and Parity Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture or in any Supplemental Indenture with respect to any Parity Bonds, anything in this Indenture or in the Bonds or the Parity Bonds to the contrary notwithstanding;

(b) upon presentation and surrender thereof at the office of the Trustee, the redemption price of such Bonds and Parity Bonds shall be paid to the Owners thereof;

(c) as of the redemption date the Bonds or the Parity Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or Parity Bonds, or portions thereof, shall cease to bear further interest; and

(d) as of the date fixed for redemption no Owner of any of the Bonds, Parity Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or any Supplemental Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

ARTICLE V

COVENANTS AND WARRANTY

Section 5.1 Warranty. The District warrants that it shall preserve and protect the security pledged hereunder to the Bonds and any Parity Bonds against all claims and demands of all persons.

Section 5.2 Covenants. So long as any of the Bonds or Parity Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and this Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will instruct the Treasurer to deposit all Special Taxes with the Trustee as soon as reasonably practicable following their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by this Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with this Indenture to the extent that Net Taxes and other amounts pledged hereunder are available therefor, and that the payments into the Funds and Accounts created hereunder will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, and this Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued hereunder.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Special Taxes except as provided in this Indenture, and will not issue any obligation or security having a lien, charge, pledge or encumbrance upon the Net Taxes senior or superior to the Bonds or Parity Bonds or on a parity with the Bonds, other than Parity Bonds. Nothing herein shall prevent the District from issuing Subordinated Bonds or incurring other indebtedness which is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds.

(b) Levy of Special Tax. Beginning in Fiscal Year 2019-20 and so long as any Bonds or Parity Bonds issued under this Indenture are Outstanding, subject to the limitations set forth in the Act and the RMA, the legislative body of the District covenants to levy the Special Tax in an amount sufficient (taking into account reasonably anticipated delinquencies), together with other amounts on deposit in the Special Tax Fund, to pay (1) the principal of and interest on the Bonds and any Parity Bonds when due, (2) the Administrative Expenses, and (3) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

(c) Commence Foreclosure Proceedings. The District hereby covenants with and for the benefit of the Owners of the Bonds and the landowners of the District securing such Bonds that it will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies within the District, if the District determines that any single property owner subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of \$2,500 or more or as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within the District, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) the District will cause judicial foreclosure proceedings to be filed in the Superior Court within ninety (90) days of such determination against all properties for which the Special Taxes remain delinquent.

The City Attorney is hereby authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel and costs and expenses of the City Attorney (including a charge for City or District staff time) in conducting foreclosure proceedings shall be an Administrative Expense hereunder.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund, or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided, however, that nothing herein contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the improvements constructed with the proceeds of bonded indebtedness issued by the District, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Owners of not less than 10% of the principal amount of the Bonds or the Owners of not less than 10% of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) Federal Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely

affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other monies or property which would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code.

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds.

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

(7) Other Tax Exempt Issues. The District will not use proceeds of other tax exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis.

(g) Reduction of Maximum Special Taxes. The District hereby finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District hereby determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the District below the levels provided in Section 5.2(b) would

interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the District, unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least the sum of the Administrative Expense Cap and 110% of gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds and Parity Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultant shall assume an amount equal to the Administrative Expenses Cap.

Notwithstanding the foregoing, the District may modify, alter or amend the RMA in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on Developed Property below the amounts which are necessary to pay Administrative Expenses and to provide Special Taxes in an amount equal to one hundred ten percent (110%) of Maximum Annual Debt Service on the Bonds and Parity Bonds Outstanding as of the date of such amendment.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the maximum Special Tax below the levels specified in Section 5.2(b) above or to limit the power of the District to levy the Special Taxes for the purposes set forth in Section 5.2(b) above, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(i) Limitation on Right to Tender Bonds. The District hereby covenants that it will not adopt any policy pursuant to Section 53344.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due.

(j) Continuing Disclosure. The District covenants to comply with the terms of the Continuing Disclosure Certificate and with the terms of any agreement executed by the District with respect to any Parity Bonds to assist the Underwriter in complying with Rule 15(c)2-12 adopted by the Securities and Exchange Commission.

(k) Further Assurances. The District shall preserve and protect the security pledged to the Bonds and any Parity Bonds against all claims and demands as long as the Bonds or Parity Bonds are Outstanding and shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or desirable to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits provided in this Indenture.

ARTICLE VI

AMENDMENTS TO INDENTURE

Section 6.1 Supplemental Indentures or Orders Not Requiring Bondowner Consent.

The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of this Indenture;

(d) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding; or

(e) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Bondowners.

Section 6.2 Supplemental Indentures or Orders Requiring Bondowner Consent.

Exclusive of the Supplemental Indentures described in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon; (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond; or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District shall desire to adopt a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Bondowners, the District shall so notify the Trustee and shall deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee

shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of this section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 6.3 Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds. After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds or any Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date and presentation of his Bond or Parity Bond for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds or Parity Bonds. If the District shall so determine, new Bonds or Parity Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds or Parity Bonds shall be exchanged at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

ARTICLE VII

TRUSTEE

Section 7.1 Trustee. Wilmington Trust, National Association, shall be the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District

hereunder. The Trustee represents that it has a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000. The District may, at any time, appoint a successor Trustee satisfying the requirements of Section 7.2 below for the purpose of receiving all money which the District is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture.

The Trustee is hereby authorized to and shall mail by first class mail, postage prepaid, or wire transfer in accordance with Section 2.5 above, interest payments to the Bondowners, to select Bonds and Parity Bonds that are not held in the name of the Nominee for redemption, and to maintain the Bond Register. The Trustee is hereby authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in this Indenture, and to provide for the authentication of Bonds and Parity Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Trustee shall keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Trustee is hereby authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee shall cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of Section 10.1 hereof.

The District shall indemnify and save the Trustee, its officers, directors, employees and agents, harmless against costs, claims, expenses and liabilities, including, without limitation, fees and expenses of its attorneys, not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder. The foregoing obligation of the District to indemnify the Trustee shall survive the removal or resignation of the Trustee, the discharge of the Bonds or termination of this Indenture.

The Trustee shall receive reasonable compensation for its services hereunder and the Trustee shall be entitled to be reimbursed by the District for its other reasonable expenses hereunder, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Trustee may employ in connection with the exercise and performance of its rights and its duties hereunder. All such fees and reimbursements shall be paid solely from amounts held in the Administrative Expense Fund.

Except during the continuance of an Event of Default, the Trustee undertakes to perform only such duties as are specifically set forth in this Indenture, and no implied covenants, duties or obligations shall be read into this Indenture against the Trustee. If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent corporate Trustee.

Section 7.2 Removal of Trustee. The District may at any time at its sole discretion remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a written notice of its decision to remove the Trustee and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Trustee. If any bank or trust company appointed as a successor

publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Bondowners of the successor Trustee's identity and address.

Section 7.3 Resignation of Trustee. The Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee satisfying the criteria in Section 7.2 above by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. In the event the District shall for any reason whatsoever fail to appoint a successor Trustee within ninety (90) days following the receipt of notice by the District, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 7.2 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the District purporting to appoint a successor Trustee following the expiration of such 90-day period.

Section 7.4 Liability of Trustee. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds and any Parity Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Indenture, the Bonds or any Parity Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth herein, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond, Parity Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond or Parity Bond unless and until such Bond or Parity Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a written certificate of the District, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof,

but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

The Trustee shall not be deemed to have knowledge of any default or Event of Default until an officer at the Trustee's Principal Office of the Trustee responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at the Principal Office of the Trustee.

The Trustee shall be under no responsibility or duty with respect to (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or (iii) the application of any moneys paid to the District or others in accordance with this Indenture except as to the application of any moneys paid to it in its capacity as Trustee. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture. The Trustee and its officers and employees may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

The Trustee shall not be considered in breach of or in default in its obligations hereunder and will not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder, or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, natural catastrophes, civil or military disturbances, loss or malfunctions of utilities, any act of God or war, terrorism or the unavailability of the Federal Reserve Bank or other wire or communication facility, or any similar event and/or occurrences beyond the control of the Trustee; provided, that in the event of any such unavoidable delay, the Trustee shall notify the District in writing within five (5) Business Days after (i) the occurrence of the event giving rise to such unavoidable delay, (ii) the Trustee's actual knowledge of

the impending unavoidable delay, or (iii) the Trustee's knowledge of sufficient facts under which a reasonable person would conclude the unavoidable delay will occur.

If the Trustee acts in good faith on any communication (including, but not limited to, communication with respect to the delivery of securities or the wire transfer of funds) sent by electronic transmission and believed by the Trustee to be genuine and to have been signed or presented by the proper person or persons, the Trustee, absent negligence or willful misconduct, will not be responsible or liable in the event such communication is not an authorized or authentic communication of the party involved or is not in the form the party involved sent or intended to send (whether due to fraud, distortion or otherwise). Absent negligence or willful misconduct on the part of the Trustee, the Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's good faith reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction received by the Trustee after the Trustee has acted upon such original instructions. Subject to the foregoing, the District agrees to assume all risks arising out of the use of such electronic transmission to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 7.5 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding; provided, however, such successor shall provide the District with a notice of merger or conversion as soon as practicable.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1 Events of Default. Any one or more of the following events shall constitute an "Event of Default":

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same shall become due and payable; or

(c) except as described in (a) or (b), default shall be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in this Indenture, the Bonds or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

The Trustee agrees to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under (a) or (b) above and within 10 days of the Trustee's knowledge of a default

of the type described in (c) above which, if not cured, with the passage of time would become an Event of Default.

Section 8.2 Remedies of Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in this Indenture;

(b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) by a suit in equity to require the District and its members, officers and employees to account as the Trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article 8, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Section 8.3 Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture relating to the Bonds and Parity Bonds shall be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article 8, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing;

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Section 8.4 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds or Parity Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds and Parity Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Section 8.5 Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds and Parity Bonds under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.6 Non-Waiver. Nothing in this Article 8 or in any other provision of this Indenture, or in the Bonds or the Parity Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as herein provided, out of the Net Taxes and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon any default shall impair any

such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or the Owners by the Act or by this Article 8 may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners, as the case may be.

Section 8.7 Limitations on Rights and Remedies of Owners. No Owner of any Bond or Parity Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds and Parity Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds and Parity Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds and Parity Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds and Parity Bonds.

The right of any Owner of any Bond and Parity Bond to receive payment of the principal of and interest and premium (if any) on such Bond and Parity Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.8 Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the District, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

ARTICLE IX

DEFEASANCE AND PARITY BONDS

Section 9.1 Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the

District to the Owner of such Bond or Parity Bond under this Indenture and any Supplemental Indenture relating to such Parity Bond shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to this Section, the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District all money or securities held by it pursuant to this Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section if such Bond or Parity Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by depositing with the Trustee or another escrow bank appointed by the District, in trust, Federal Securities, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under this Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in Section 5.2(f) or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election shall be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under (c) above, there shall be provided to the District a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with this Indenture and any applicable Supplemental Indenture.

Upon a defeasance, the Trustee, upon request of the District, shall release the rights of the Owners of such Bonds and Parity Bonds which have been defeased under this Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be

desirable to evidence such release, discharge and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds and Parity Bonds, the Trustee shall pay over or deliver to the District any funds held by the Trustee at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Bonds and Parity Bonds when due. The Trustee shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

Section 9.2 Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds which may only be issued to effect a partial refunding may be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in this Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect shall have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Parity Bonds to be applied solely for the purpose of refunding any Outstanding Bonds or Parity Bonds, including payment of all costs and the funding of all reserves incidental to or connected with such refunding;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date shall fall on a September 1, (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement;

(8) the form of such Parity Bonds; and

(9) such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

(c) The District shall have received the following documents, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee shall be directed by the District to accept any of such documents bearing a prior date):

(1) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(2) a written request of the District as to the delivery of such Parity Bonds;

(3) an opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt this Indenture and the Supplemental Indentures relating to such Parity Bonds, and this Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (ii) this Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in this Indenture, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of this Indenture and all Supplemental Indentures thereto and entitled to the benefits of this Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and this Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Indenture;

(5) a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding

following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and

(6) such further documents, money and securities as are required by the provisions of this Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

ARTICLE X

MISCELLANEOUS

Section 10.1 Cancellation of Bonds and Parity Bonds. All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption shall be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized herein and delivered to the Trustee for such purpose shall be, cancelled forthwith and shall not be reissued. The Trustee shall destroy such Bonds and Parity Bonds, as provided by law, and furnish to the District a certificate of such destruction.

Section 10.2 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee shall be affected by any notice to the contrary.

Nothing contained in this Indenture shall be construed as limiting the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters herein stated which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond shall bind every future Owner of the same Bond or Parity Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent.

Section 10.3 Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee, at the expense of the District, shall cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Section 10.4 Provisions Constitute Contract. The provisions of this Indenture shall constitute a contract between the District and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Trustee, then the District, the Trustee and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

Section 10.5 Future Contracts. Nothing herein contained shall be deemed to restrict or prohibit the District from making contracts or issuing Subordinated Bonds or creating other indebtedness payable from a pledge, lien, charge and encumbrance upon the Net Taxes which is subordinate to the pledge hereunder, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged hereunder.

Section 10.6 Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or desirable to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in this Indenture.

Section 10.7 Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture, the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

Section 10.8 Notices. Any notices required to be given to the District with respect to the Bonds or this Indenture shall be mailed, first class, postage prepaid, or personally delivered to the Assistant City Manager of the City of Beaumont at 55 East Sixth Street, Beaumont, California 92223, and all notices to the Trustee in its capacity as Trustee shall be mailed, first class, postage prepaid, personally delivered or sent via facsimile or electronic (email) transmission (with a portable document format or similar attachment) to the Trustee, Wilmington Trust, National Association, 650 Town Center Drive, Suite 600, Costa Mesa, California 92626, Attention: Corporate Trust Department.

Section 10.9 Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

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IN WITNESS WHEREOF, CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY CANYON) has caused this Bond Indenture to be signed by an Authorized Representative of the District and Wilmington Trust, National Association, in token of its acceptance of the trust created hereunder, has caused this Bond Indenture to be signed in its corporate name by its officers identified below, all as of the day and year first above written.

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 2016-1 (FAIRWAY CANYON)

By: _____
City Manager of the City of Beaumont, acting
on behalf of City of Beaumont Community
Facilities District No. 2016-1 (Fairway Canyon)

ATTEST:

City Clerk of the City of Beaumont, acting on
behalf of City of Beaumont Community
Facilities District No. 2016-1 (Fairway
Canyon)

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2019 SPECIAL TAX BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

R- _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE**

**CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2016-1
2019 SPECIAL TAX BOND**

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:
 _____% September 1, ____ _____, 2019 _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY CANYON) (the "District") which was formed by the City of Beaumont (the "City") and is situated in the County of Riverside, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in

default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 (each an "Interest Payment Date"), commencing September 1, 2019, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Trustee (as such term is defined in the Indenture defined below), initially Wilmington Trust, National Association (the "Trustee"). Interest on this Bond shall be paid by check of the Trustee mailed, by first class mail, postage prepaid, or in certain circumstances described in the Indenture by wire transfer to an account within the United States of America, to the Registered Owner hereof as of the close of business on the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") at such Registered Owner's address as it appears on the registration books maintained by the Trustee.

Capitalized terms used herein and not defined shall have the meanings given them in the Indenture.

This Bond is one of a duly authorized issue of "City of Beaumont Community Facilities District No. 2016-1 2019 Special Tax Bonds" (the "Bonds") issued in the aggregate principal amount of \$ _____ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose of financing certain public improvements, funding a reserve account and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the City Council of the City, acting in its capacity as the legislative body of the District (the "Legislative Body"), on February 19, 2019 and a Bond Indenture (the "Indenture") dated as of March 1, 2019, by and between the District and the Trustee, and this reference incorporates the Indenture herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Indenture is executed under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within the District of the District described in the Indenture (the "Special Taxes") and certain other amounts pledged to the repayment of the Bonds as set forth in the Indenture. Any amounts for the payment hereof shall be limited to the Special Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Special Taxes and other amounts deposited to the Special Tax Fund established under the Indenture. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Indenture it will commence foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds and will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The Bonds may be redeemed, at the option of the District from any source of funds, other than Prepayments, on any date on or after _____, 20__, in whole, or in part by lot, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of

redemption, at the following redemption prices (expressed a percentages of the principal amount of the Bonds to be redeemed):

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and any date thereafter	100

The Term Bonds maturing on September 1, 20__ shall be called before maturity and redeemed, from Sinking Fund Payments deposited into the Principal Account, on September 1, 20__ and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth in the Indenture, and the Term Bonds called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

The Term Bonds maturing on September 1, 20__ shall be called before maturity and redeemed, from Sinking Fund Payments deposited into the Principal Account, on September 1, 20__ and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth in the Indenture, and the Term Bonds called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

In the event of a partial optional redemption or extraordinary mandatory redemption of the Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis in the amount of \$5,000 or any integral multiple thereof as directed by an Authorized Representative of the District.

The Bonds are subject to extraordinary redemption as a whole, or in part on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account plus amounts transferred from the Reserve Account in connection with such transfers, at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Date</i>	<i>Redemption Price</i>
Interest Payment Dates to and including March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and each Interest Payment Date thereafter	100

The Bonds shall be selected for extraordinary redemption as nearly as practicable on a pro rata basis among maturities in increments of \$5,000; provided, however, that, for Prepayments of less than \$50,000, the District may specify in a Certificate of an Authorized Representative that Prepayments be applied to one or more maturities of the Bonds or Parity Bonds so long as there is delivered to the Trustee a Certificate of the Special Tax Consultant that, following such redemption from Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Developed

Property is not less than 110% of Maximum Annual Debt Service net of the Administrative Expense Cap.

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 45 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books in accordance with the provisions of the Indenture or so long as the Bonds are registered in the name of the Nominee to the Depository in accordance with its procedures. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

This Bond shall be registered in the name of the Registered Owner hereof, as to both principal and interest, and the District and the Trustee may treat the Registered Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

The Trustee shall not be required to register transfers or make exchanges of (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Indenture.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE CITY OF BEAUMONT, THE COUNTY OF RIVERSIDE OR OF THE DISTRICT FOR WHICH THE CITY OF BEAUMONT, THE COUNTY OF RIVERSIDE OR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE SPECIAL TAXES DESCRIBED IN THE INDENTURE AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE CITY OF BEAUMONT, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) has caused this Bond to be signed on behalf of the District by the Mayor of the City Council by his facsimile signature and attested by the facsimile signature of the City Clerk.

Mayor of the City Council of the City of Beaumont,
acting in its capacity as the legislative body of City of
Beaumont Community Facilities District No. 2016-1
(Fairway Canyon)

ATTEST:

City Clerk of the City of Beaumont, acting in
its capacity as the legislative body of City of
Beaumont Community Facilities District
No. 2016-1 (Fairway Canyon)

[FORM OF TRUSTEE'S CERTIFICATE
OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-defined Indenture.

Dated: _____, 2019

Wilmington Trust, National Association, as Trustee

By: _____
Authorized Signatory

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

City Clerk of the City of Beaumont, acting in its capacity as the legislative body of City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon)

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto

whose tax identification number is _____,
the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s)

attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTE: Signature(s) must be guaranteed by an eligible guarantor institution.

NOTE: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF REQUISITION FOR DISBURSEMENT OF COSTS OF ISSUANCE

COSTS OF ISSUANCE FUND

REQUISITION FOR DISBURSEMENT OF COSTS OF ISSUANCE

The undersigned, on behalf of City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) (the "District"), hereby requests Wilmington Trust, National Association, as Trustee, to pay from the City of Beaumont Community Facilities District No. 2016-1 Costs of Issuance Fund, established by the Bond Indenture between the Trustee and the District dated as of March 1, 2019, upon receipt of an invoice from each of the payees set forth on Schedule I hereto, the amount specified in such invoice but no more than the amount set forth on Schedule I and to the payees listed on Schedule I for payment of the Costs of Issuance set forth in the invoice attached hereto.

All payments shall be made by check or wire transfer in accordance with the payment instructions included on Schedule I or the accompanying invoices and the Trustee has no responsibility to verify or authenticate the payment instructions or the invoices or the authority under which they were given.

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 2016-1 (FAIRWAY CANYON)

Signature:

By: _____
Name:
Title:

Dated:
Requisition No.:

EXHIBIT C

FORM OF REQUISITION FOR DISBURSEMENT OF PROJECT COSTS

ACQUISITION AND CONSTRUCTION FUND

REQUISITION FOR DISBURSEMENT OF PROJECT COSTS

The undersigned, on behalf of City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) (the "District"), hereby requests Wilmington Trust, National Association, as Trustee, to pay from the City of Beaumont Community Facilities District No. 2016-1 Acquisition and Construction Fund, established by the Bond Indenture between the Trustee and the District dated as of March 1, 2019, upon receipt of an invoice from each of the payees set forth on Schedule I hereto, the amount specified in such invoice but no more than the amount set forth on Schedule I and to the payees listed on Schedule I for payment of the Project Costs set forth in the invoice attached hereto.

All payments shall be made by check or wire transfer in accordance with the payment instructions included on Schedule I or the accompanying invoices and the Trustee has no responsibility to verify or authenticate the payment instructions or the invoices or the authority under which they were given.

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 2016-1 (FAIRWAY CANYON)

Signature:

By: _____
Name:
Title:

Dated:
Requisition No.:

§ _____
**CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(FAIRWAY CANYON)
2019 SPECIAL TAX BONDS**

BOND PURCHASE AGREEMENT

_____, 2019

City of Beaumont
Community Facilities District No. 2016-1 (Fairway
Canyon)
550 East 6th Street
Beaumont, California 92223

Ladies and Gentlemen:

Piper Jaffray & Co., as underwriter (the “**Underwriter**”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (the “**Purchase Agreement**”) with the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) (the “**Community Facilities District**”), which upon acceptance will be binding upon the Underwriter and the Community Facilities District. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Community Facilities District satisfying all of the obligations imposed upon them under this Purchase Agreement. This offer is made subject to the Community Facilities District’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 11:59 P.M., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Community Facilities District at any time prior to the acceptance hereof by the Community Facilities District. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Bond Indenture, dated as of _____ 1, 2019 (the “**Indenture**”), between the Community Facilities District and Wilmington Trust, National Association, as trustee (the “**Trustee**”).

1. Purchase, Sale and Delivery of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein: the Underwriter hereby agrees to purchase from the Community Facilities District and the Community Facilities District hereby agrees to sell to the Underwriter all (but not less than all) of the \$_____ aggregate principal amount of the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) 2019 Special Tax Bonds (the “**Bonds**”), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be \$_____ (being 100% of the aggregate principal amount thereof, plus a net original issue premium of \$_____ and less an Underwriter’s discount of \$_____).

The Underwriter agrees to make a bona fide public offering of all of the Bonds initially at the public offering prices (or yields) set forth in Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial offering prices.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Net Taxes as provided in the Indenture, the Preliminary Official Statement (as hereinafter defined), and the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “**Community Facilities District Act**”). The issuance of the Bonds has been duly authorized by the City Council of the City of Beaumont (the “**City**”), as the legislative body for the Community Facilities District pursuant to a resolution (the “**Community Facilities District Resolution of Issuance**”) adopted on _____, 2019.

The proceeds of the Bonds will be used to: (i) pay the cost and expense of the acquisition and construction of certain public facilities in connection with the development of the Community Facilities District; (ii) fund a reserve account securing the Bonds; and (iii) pay costs of issuance of the Bonds.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from special taxes pledged thereto as provided in the Indenture.

A. The Community Facilities District hereby acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations, warranties and agreements made by the Community Facilities District herein, and the Community Facilities District shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall immediately notify the Underwriter if it becomes aware that any representation, warranty or agreement made by the Community Facilities District herein is incorrect in any material respect.

The Community Facilities District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the Community Facilities District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and not as the agent or fiduciary of the Community Facilities District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Community Facilities District with respect to (a) the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Community Facilities District on other matters) or (b) any other obligations to the Community Facilities District with respect to the offering contemplated hereby, except the obligations expressly set forth in this Purchase Agreement or otherwise imposed by law, (iv) the Underwriter has financial interests that differ from those of the Community Facilities District and (v) the Community Facilities District has consulted their own legal, financial and other advisors to the extent they have deemed appropriate in connection with this transaction. The Community Facilities District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (“MSRB”). The Community Facilities District

acknowledges and represents that it has engaged Urban Futures, Inc. (the “**Municipal Advisor**”) as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1) and will rely solely on the financial advice of the Municipal Advisor with respect to the Bonds.

B. Pursuant to the authorization of the Community Facilities District, the Underwriter has distributed copies of the Amended and Restated Preliminary Official Statement dated _____, 2019, relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the “Preliminary Official Statement.” By its acceptance of this Purchase Agreement, the Community Facilities District hereby ratifies the use by the Underwriter of the Preliminary Official Statement, and the Community Facilities District agrees to execute a final official statement relating to the Bonds (the “**Official Statement**”) which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel (“**Bond Counsel**”), Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel (“**Disclosure Counsel**”), and the Underwriter, and to provide copies thereof to the Underwriter as set forth herein. The Community Facilities District hereby authorizes and requires the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The Community Facilities District further authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds, the Indenture, the Continuing Disclosure Certificate executed by the Community Facilities District in connection with the Bonds (the “**Continuing Disclosure Certificate**”), this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

C. To assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”), the Community Facilities District will undertake pursuant to the Continuing Disclosure Certificate, in the form attached to the Official Statement as an appendix, to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

D. Except as the Underwriter and the Community Facilities District may otherwise agree, the Community Facilities District will deliver to the Underwriter, at the offices of Bond Counsel in Newport Beach, California, or at such other location as may be mutually agreed upon by the Underwriter and the Community Facilities District, the documents hereinafter mentioned; and the Community Facilities District will deliver to the Underwriter through the facilities of The Depository Trust Company (“**DTC**”), the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Community Facilities District and authenticated by the Trustee in the manner provided for in the Indenture and the Community Facilities District Act at 8:00 a.m. California time, on _____, 2019 (the “**Closing Date**”), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (A) of this Section by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the “**Closing**”). The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

2. Representations, Warranties and Covenants of the Community Facilities District. The Community Facilities District represents, warrants and covenants to the Underwriter on behalf of itself and the City that:

A. The City is duly organized and validly existing as a general law city under the Constitution and laws of the State of California (the “State”) and has duly authorized the formation of the Community Facilities District pursuant to resolutions duly adopted by the City Council (the “**Community Facilities District Formation Resolution**” and, together with the Community Facilities District Resolution of Issuance, the “**Community Facilities District Resolutions**”) and the Community Facilities District Act. The City Council, as the legislative body of the City and the Community Facilities District, has duly adopted the Community Facilities District Formation Resolution, and has caused to be recorded in the real property records of the County of Riverside, a notice of special tax lien (the “**Notice of Special Tax Lien**”) (the Community Facilities District Formation Resolution and Notice of Special Tax Lien being collectively referred to herein as the “**Formation Documents**”), and has duly adopted a Community Facilities District Resolution of Issuance. Each of the Formation Documents remains in full force and effect as of the date hereof and has not been amended. The Community Facilities District is duly organized and validly existing as a Community Facilities District under the laws of the State. The Community Facilities District has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under this Purchase Agreement, the Continuing Disclosure Certificate and the Indenture, and to carry out all transactions contemplated by each of such agreements; (ii) to issue, sell and deliver the Bonds as provided herein; and (iii) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents, the Community Facilities District Resolution of Issuance, the Indenture, the Bonds, the Continuing Disclosure Certificate, this Purchase Agreement and the Official Statement.

This Purchase Agreement, the Indenture, the Bonds and the Continuing Disclosure Certificate are collectively referred to herein as the “**Community Facilities District Documents.**”

B. The Community Facilities District and the City, as applicable, have each complied, and will at the Closing Date be in compliance in all material respects, with the Formation Documents, the Community Facilities District Resolution of Issuance and the Community Facilities District Documents, and any immaterial noncompliance by the Community Facilities District and the City, if any, will not impair the ability of the Community Facilities District and the City, as applicable, to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of the Bonds, the Community Facilities District will continue to comply with the covenants of the Community Facilities District contained in the Community Facilities District Documents.

C. The information in the Preliminary Official Statement and in the Official Statement relating to the Community Facilities District and the Bonds (other than statements pertaining to the book entry system, as to which no view is expressed), is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (D) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

D. Up to and including 25 days after the End of the Underwriting Period (as defined below), the Community Facilities District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Community Facilities District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Community Facilities District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "End of the Underwriting Period."

E. Except as described in the Preliminary Official Statement, the Community Facilities District is not, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance of its obligations under the Community Facilities District Documents and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Community Facilities District Documents or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement.

F. Except as may be required under the "blue sky" or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Community Facilities District of its obligations under the Community Facilities District Documents, and the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, have been or will be obtained at the Closing Date and are or will be in full force and effect at the Closing Date.

G. The Community Facilities District Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement.

H. The Bonds are payable from the Special Tax of the Community Facilities District to be levied within the Community Facilities District, as set forth in the Indenture, which levy has been duly and validly authorized pursuant to the Community Facilities District Act and the

Special Taxes to be levied within the Community Facilities District will be fixed and levied in an amount which, together with other available funds, is required for the payment of the principal of, and interest on, the Bonds when due and payable, all as provided in the Indenture. The Community Facilities District has covenanted to cause the Special Taxes to be levied as set forth in the Indenture.

I. The Indenture creates a valid pledge of, first lien upon and security interest in, the Net Taxes, and in the moneys in the Special Tax Fund (other than the Administrative Expense Fund) established pursuant to the Indenture, on the terms and conditions set forth in the Indenture.

J. Except as disclosed in the Preliminary Official Statement and Official Statement, there are, to the best of the Community Facilities District's knowledge, no entities with outstanding assessment liens against any of the properties within the Community Facilities District or which are senior to or on a parity with the pledge of the Special Taxes of the Community Facilities District referred to in paragraph (H) hereof.

K. The Official Statement as of the date hereof, does not, and as of the Closing Date, will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (excluding statements therein pertaining to the DTC and its book-entry system and any information provided by the Special Tax Consultant (as such term is defined below) and the Underwriter, as to which no view is expressed).

L. The Preliminary Official Statement was deemed final by a duly authorized officer of the Community Facilities District prior to its delivery to the Underwriter, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of the Rule. The Community Facilities District hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Community Facilities District shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of the Rule and Rules G-12, G-15, G-32 and G-36 of the Municipal Securities Rulemaking Board.

M. At the time of acceptance hereof there is and as of the Closing there will be no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending (notice of which has been served on the Community Facilities District) or to the best knowledge of the Community Facilities District or the City threatened, in which any such Action: (i) in any way questions the existence of the Community Facilities District or the titles of the officers of the Community Facilities District to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the payment or collection of Special Taxes or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Community Facilities District Documents or the consummation of the transactions on the part of the Community Facilities District contemplated thereby; (iii) contests the exemption of interest on the Bonds from federal or State income taxation or contests the powers of the Community Facilities District which may result in any material adverse change relating to the financial condition of the Community Facilities District; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact

required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the time of acceptance hereof there is and, as of the Closing Date, there will be no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

N. Any certificate signed on behalf of the Community Facilities District by any officer or employee of the Community Facilities District authorized to do so shall be deemed a representation and warranty by the Community Facilities District to the Underwriter on behalf of itself and the Community Facilities District as to the statements made therein.

O. At or prior to the Closing, the Community Facilities District will have duly authorized, executed and delivered the Continuing Disclosure Certificate in substantially the form attached as an appendix to the Official Statement. Based upon a review of its previous undertakings, and except as disclosed in the Preliminary Official Statement, the Community Facilities District has not failed to comply in all respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events in the last five years.

P. The Community Facilities District will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Preliminary Official Statement and Official Statement.

Q. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Community Facilities District will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture.

R. Between the date of this Purchase Agreement and the date of Closing, the Community Facilities District will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

The Community Facilities District hereby approves the preparation and distribution of the Official Statement, consisting of the Preliminary Official Statement with such changes as are noted thereon and as may be made thereto, with the approval of Bond Counsel, Disclosure Counsel and the Underwriter, from time to time prior to the Closing Date.

The Community Facilities District hereby ratifies any prior use of and authorizes the future use by the Underwriter, in connection with the offering and sale of the Bonds, of the Preliminary Official Statement, the Official Statement, this Purchase Agreement and all information contained herein, and all other documents, certificates and written statements furnished by the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

The execution and delivery of this Purchase Agreement by the Community Facilities District shall constitute a representation by the Community Facilities District to the Underwriter that the representations and warranties contained in this Section 2 with respect to the Community Facilities District are true as of the date hereof.

3. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the Community Facilities District contained herein, to the accuracy in all material respects of the statements of the officers and other officials of the Community Facilities District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Community Facilities District of their obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

A. At the Closing Date, the Community Facilities District Resolutions and the Community Facilities District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds, and with the transactions contemplated thereby, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, except as described in the Preliminary Official Statement, the City shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, and the performance of the conditions precedent to be performed hereunder will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance of the conditions precedent to be performed by the City hereunder.

C. At the Closing Date, except as described in the Preliminary Official Statement, the Community Facilities District shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance by the Community Facilities District of its obligations under the Bonds, the Community Facilities District Resolutions, the Indenture, and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed hereunder, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Indenture, the Bonds or the performance of the conditions precedent to be performed by the Community Facilities District hereunder.

D. The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

E. Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the cover page of the Official Statement, of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the Community Facilities District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

1. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof; or

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

3. A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

4. The introduction, proposal or enactment of any amendment to the federal or State Constitution or any action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Community Facilities

District, its property, income, securities (or interest thereon), the validity or enforceability of Special Taxes, or the ability of the Community Facilities District to issue the Bonds as contemplated by the Indenture and the Official Statement; or

5. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

6. Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

7. There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war, (2) any other calamity or crisis in the financial markets of the United States or elsewhere, (3) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations, or (4) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against, any state of the United States or any city, county or other political subdivision located in the United States having a population of over 500,000; or

8. Except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the City or Community Facilities District shall have occurred; or

9. Any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Community Facilities District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds; or

10. A general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

11. A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

12. Any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established

by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

13. A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Securities Exchange Act of 1934, as amended and the Trust Indenture Act; or

14. Any proceeding shall have been commenced or be threatened in writing by the SEC against the City or the Community Facilities District; or

15. The commencement of any Action as described in items (i) through (iv) of Section 2(M) hereof.

F. At or prior to the Closing Date, the Underwriter shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Underwriter:

1. The Official Statement, executed on behalf of the Community Facilities District by an authorized officer;

2. The Indenture, duly executed and delivered by the Community Facilities District and the Trustee;

3. The Community Facilities District Resolutions and the Community Facilities District Documents and the Formation Documents, together with a certificate dated as of the Closing Date of the City Clerk to the effect that the Community Facilities District Resolutions are true, correct and complete copies of the ones duly adopted by the City Council;

4. The Continuing Disclosure Certificate executed and delivered by the Community Facilities District;

5. An unqualified approving opinion of Bond Counsel for the Bonds, dated the Closing Date and addressed to the Community Facilities District, to the effect that the Bonds are the valid, legal and binding obligations of the Community Facilities District and that the interest thereon is excluded from gross income for federal income tax purposes and exempt from personal income taxes of the State, in substantially the form included as an appendix to the Official Statement, together with a letter of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion addressed to the Community Facilities District may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

6. A supplemental opinion or opinions of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that:

(i) this Purchase Agreement and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the Community Facilities District

and, assuming due authorization, execution and delivery by the other parties thereto, as applicable, constitute the legal, valid and binding agreement of the Community Facilities District and are enforceable in accordance with their terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on legal remedies against public agencies in the State;

(ii) the Bonds are not subject to the registration requirements of the Securities Act, and the Indenture is exempt from qualification under the Trust Indenture Act;

(iii) the information contained in the Official Statement on the cover and under the captions "THE BONDS" (other than the caption "Debt Service Schedule"), "SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS" and "LEGAL MATTERS" and in Appendices B and D to the Official Statement, are accurate insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture and Bond Counsel's final approving opinion.

7. The letter of Disclosure Counsel, dated the Closing Date and addressed to the Community Facilities District and to the Underwriter, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the Community Facilities District, the Special Tax Consultant and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Official Statement as of its date and as of the Closing Date contained or contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial statements or other financial, statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions, or expressions of opinion, any information about valuation, appraisals, absorption, archeological or environmental matters, or any information with respect to the City, or about DTC or the book-entry-only system);

8. A certificate dated the Closing Date and signed by an authorized representative of the Community Facilities District or an authorized designee, on behalf of the Community Facilities District to the effect that: (i) the representations and warranties made by the Community Facilities District contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the Community Facilities District has complied with all the agreements and satisfied all the conditions on its part to be satisfied under this Purchase Agreement, the Community Facilities District Resolutions, the Community Facilities District Documents and the Official Statement at or prior to the Closing Date;

9. An opinion of the City Attorney of the City, dated the date of Closing and addressed to the Underwriter and the City, to the effect that:

(i) The City is a municipal corporation and general law city, duly organized and existing under the Constitution and laws of the State of California;

(ii) The Community Facilities District Resolutions have been duly adopted at meetings of the City Council, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Community Facilities District Resolutions are in full force and effect and have not been modified, amended, rescinded or repealed since the respective dates of their adoption;

(iii) The Community Facilities District Documents and the Official Statement have been duly authorized, executed and delivered by the City and the Community Facilities District Documents constitute the legal, valid and binding obligations of the Community Facilities District enforceable against the Community Facilities District in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases;

(iv) Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the City or the Community Facilities District) or, to such counsel's knowledge, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City, or the titles of its members and officers to their respective offices; or (b) affect the validity of the Community Facilities District Documents or restrain or enjoin the repayment of the Bonds or in any way contest or affect the validity of the Community Facilities District Documents or contest the authority of the Community Facilities District or the City to enter into or perform its obligations under any of the Community Facilities District Documents, questions the right of the Community Facilities District to use Special Taxes levied within the Community Facilities District for the repayment of the Bonds or affects in any manner the right or ability of the Community Facilities District to collect or pledge the Special Taxes levied within the Community Facilities District for the repayment of the Bonds;

10. A certificate dated the Closing Date from WEBB Municipal Finance, LLC (the "**Special Tax Consultant**") addressed to the Community Facilities District and the Underwriter to the effect that: (i) the Special Tax if collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment of Special Taxes of the Community Facilities District as of the Closing Date would generate at least 110% of the annual debt service payable with respect to the Bonds plus budgeted administrative expenses in each year, based on such assumptions and qualifications as shall be acceptable to the Underwriter; and (ii) the statements in the Official Statement provided by the Special Tax Consultant concerning Special Taxes in the Community Facilities District and all information supplied by it for use in the Official Statement were as of the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

11. Certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution of the Indenture and the authentication of the Bonds;

12. A certificate of the Trustee, addressed to the Underwriter, and the Community Facilities District dated the Closing Date, to the effect that: (i) the Trustee is authorized to carry out corporate trust powers, and have full power and authority to perform its duties under the Indenture; (ii) the Trustee is duly authorized to execute and deliver the Indenture, to accept the obligations created by the Indenture and to authenticate the Bonds pursuant to the terms of the Indenture; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Indenture; and (iv) to the best of its knowledge, compliance with the terms of the Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties;

13. An opinion of counsel to the Trustee dated the Closing Date, addressed to the Underwriter, and the Community Facilities District to the effect that the Trustee is a national banking association duly organized and validly existing under the laws of the United States having full power and being qualified to enter into, accept and agree to the provisions of the Indenture, and that such documents have been duly authorized, executed and delivered by the Trustee, and, assuming due execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought;

14. A certificate of the Community Facilities District dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriter, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

15. A certificate of Woodside 05S, LP ("**Woodside**"), dated the date of the Preliminary Official Statement, in a form acceptable to Bond Counsel and the Underwriter, that the information in the Preliminary Official Statement relating to Woodside does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

16. A certificate of Woodside dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriter, that the information in the Official Statement relating to Woodside, did not, as of the date of the Official Statement, and as of the Closing Date, does not contain any untrue statement of a material fact, and did not, as of the date of the Official Statement, and as of the Closing Date, does not omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

17. An opinion of Kutak Rock LLP, counsel to the Underwriter (“**Underwriter’s Counsel**”), dated the date of Closing and addressed to the Underwriter in form and substance acceptable to the Underwriter;

18. A certificate in form and substance as set forth in Exhibit C hereto of Integra Realty Resources, Rocklin, California, the appraiser of the property within the Community Facilities District, dated as of the Closing Date; and

19. Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations and warranties of the Community Facilities District contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Community Facilities District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Community Facilities District in connection with the transactions contemplated hereby and by the Indenture and the Official Statement.

If the Community Facilities District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Community Facilities District nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter and the Community Facilities District set forth in Section 5 hereof shall continue in full force and effect.

4. Establishment of Issue Price.

A. The Underwriter agrees to assist the Community Facilities District in establishing the issue price of the Bonds and shall execute and deliver to the Community Facilities District at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Community Facilities District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Community Facilities District under this section to establish the issue price of the Bonds may be taken on behalf of the Community Facilities District by the Community Facilities District’s Municipal Advisor identified herein and any notice or report to be provided to the Community Facilities District may be provided to the Community Facilities District’s Municipal Advisor.

B. Except as otherwise set forth in Exhibit A attached hereto, the Community Facilities District will treat the first price at which 10% of each maturity of the Bonds (the “**10% test**”), identified under the column “10% Test Used” in Exhibit A, is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Community Facilities District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Community Facilities District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until

the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

C. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto. Exhibit A also sets forth, identified under the column “Hold the Offering Price Rule Used,” as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the Community Facilities District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Community Facilities District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Community Facilities District when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

D. The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

E. The Community Facilities District acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires.

F. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Community Facilities District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than

50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

5. Expenses. Whether or not the transactions contemplated by this Purchase Agreement are consummated, the Underwriter shall be under no obligation to pay, and the Community Facilities District shall pay only from the proceeds of the Bonds, or any other legally available funds of the City, or the Community Facilities District, but only as the Community Facilities District and such other party providing such services may agree, all expenses and costs of the Community Facilities District incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter, including, without limitation, printing costs, initial fees of the Trustee, including fees and disbursements of their counsel, if any, fees and disbursements of Bond Counsel, Disclosure Counsel and other professional advisors employed by the City, costs of preparation, printing, signing, transportation, delivery and safekeeping of the Bonds and for expenses (included in the expense component of the spread) incurred by the Underwriter on behalf of the City’s employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees. The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee, CUSIP Services Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including fees and disbursements of Underwriter’s Counsel. Any meals in connection with or adjacent to meetings, rating agency presentations, pricing activities or other transaction-related activities shall be considered an expense of the transaction and included in the expense component of the Underwriter’s discount.

6. Notices. Any notice of other communication to be given to the Community Facilities District under this Purchase Agreement may be given by delivering the same in writing to the City of Beaumont, 550 East 6th Street, Beaumont, California 92223, Attention: City Manager; any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245, Attention: Public Finance.

7. Parties In Interest. This Purchase Agreement is made solely for the benefit of the Community Facilities District and Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations and Warranties. The representations and warranties of the Community Facilities District under this Purchase Agreement shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter, and shall survive the delivery and payment for the Bonds and the termination of this Purchase Agreement.

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

10. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

11. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding among the parties hereto in relation to the sale of the Bonds by the Community Facilities District.

12. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California.

13. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

PIPER JAFFRAY & CO., as Underwriter

By: _____
Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written:

**CITY OF BEAUMONT COMMUNITY
FACILITIES DISTRICT NO. 2016-1**

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

[EXECUTION PAGE OF BOND PURCHASE AGREEMENT]

EXHIBIT A

\$ _____
**CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(FAIRWAY CANYON)
2019 SPECIAL TAX BONDS**

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold-The- Offering- Price Rule</u>
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
20__ ^(T)							
20__ ^(T)							

^(T) Term Bond.

^(C) Priced to optional call at [par] on September 1, 20__.

* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

§ _____
**CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(FAIRWAY CANYON)
2019 SPECIAL TAX BONDS**

The undersigned, on behalf of Piper Jaffray & Co. (“Piper Jaffray”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Piper Jaffray offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated _____, 2019, by and between Piper Jaffray and City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) (the “Community Facilities District”), Piper Jaffray has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Piper Jaffray has sold at least 10% of such Hold-the-Offering-

Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon).

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2019.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Piper Jaffray's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

PIPER JAFFRAY & CO.

By: _____

Name: _____

Dated: _____, 2019

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING
PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(To be attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

EXHIBIT C

**CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(FAIRWAY CANYON)
2019 SPECIAL TAX BONDS**

CERTIFICATE OF APPRAISER

The undersigned hereby states and certifies:

1. That he or she is an authorized principal of Integra Realty Resources, Rocklin, California (the "Appraiser") and as such is familiar with the facts herein certified and is authorized and qualified to certify the same.

2. That the Appraiser has prepared an appraisal report dated January 7, 2019, with a date of value of January 1, 2019 (the "Appraisal Report"), of the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) (the "Community Facilities District") and in connection with the Official Statement dated _____, 2019 ("Official Statement"), concerning the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) 2019 Special Tax Bonds (the "Bonds").

3. That the Appraiser hereby consents to the reproduction and use of the Appraisal Report appended to the Preliminary Official Statement and the Official Statement. The Appraiser also consents to the references to the Appraiser and the Appraisal made in the Preliminary Official Statement and the Official Statement.

4. In the opinion of the Appraiser the assumptions made in the Appraisal Report are reasonable.

5. That the Official Statement has been reviewed on behalf of the Appraiser and to the best knowledge of the Appraiser the statements concerning the Appraisal Report and the value of the property contained under the captions "INTRODUCTION – Appraisal Report," "THE COMMUNITY FACILITIES DISTRICT – Appraisal Report," and "APPENDIX H – APPRAISAL REPORT" are true, correct and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6. Each of the parcels appraised by the Appraiser is encompassed within the Community Facilities District as set forth in the boundary map of the Community Facilities District.

7. That, as of the date of the Official Statement and as of the date hereof, the Appraisal Report appended to the Official Statement, to the best of my knowledge and belief, and subject to all of the Limiting Conditions and Major Assumptions set forth in the Appraisal Report, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and no events or occurrences have been ascertained by us or have come to our attention that would substantially change the estimated values stated in the Appraisal Report.

However, we have not performed any procedures since the date of the Appraisal Report to obtain knowledge of such events or occurrences nor are we obligated to do so in the future.

8. The Community Facilities District and Piper Jaffray & Co., as underwriter, are entitled to rely on the Certificate.

Dated: _____, 2019

INTEGRA REALTY RESOURCES

By: _____

Integra Realty Resources
San Francisco

Appraisal of Real Property

City of Beaumont CFD No. 2016-1 (Fairway Canyon)
North of Oak Valley Pwy., East and West of Tukwet Canyon Pwy.
Beaumont, Riverside County, California 92320

Prepared For:
Mr. Todd Parton, City Manager

Effective Date of the Appraisal:
January 1, 2019

Report Format:
Appraisal Report – Standard Format

IRR – San Francisco
File Number: 193-2018-0644



February 13, 2019

Mr. Todd Parton, City Manager
City of Beaumont
550 E. 6th Street
Beaumont, CA 92223

SUBJECT: City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon)
North of Oak Valley Pwy., East and West of Tukwet Canyon Pwy.
Beaumont, California

Dear Mr. Parton:

At your request and authorization, Integra Realty Resources – San Francisco has prepared an Appraisal Report for the purpose of estimating the market values (*fee simple estate*) of certain developed and undeveloped properties within the boundaries of the City of Beaumont Community Facilities District No. 2016-1 (“CFD No. 2016-1”), under the assumptions and limiting conditions contained in this Report.

The Appraisal Report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004). This document constitutes an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP.

CFD No. 2016-1 includes 372 residential lots comprising a portion of the Fairway Canyon master planned community located west of Interstate 10, north of Oak Valley Parkway, within the City of Beaumont, Riverside County, California. The Fairway Canyon master planned community is surrounded by the Morongo Golf Club at Tukwet Canyon golf course, which meanders throughout the community. Of the 372 Assessor’s parcels within the boundaries of CFD No. 2016-1, 131 parcels have a single-family home, most of which have sold to individual homeowners, with a complete assessed value for both land and improvements (defined as a total assessed value above \$300,000) and are not the subject of this Appraisal. CFD No. 2016-1 comprises four neighborhoods (in three planning areas) developed by three merchant builders: KB Home of California (“KB Home”); Western Pacific Housing Inc. (“DR Horton”) and Woodside 05S (“Woodside”).

A breakdown of the four neighborhoods, by builder, is shown in the following table:

Neighborhood	Builder	Total No. of Lots	Assessed Lots	Appraised Lots
Cherry Blossom at the Fairways	KB Home	94	20	74
Oak Ridge	Woodside	148	51	97
Windsor at the Fairways	DR Horton	64	30	34
Viridian Pointe at the Fairways	DR Horton	<u>66</u>	<u>30</u>	<u>36</u>
Total		372	131	241



The following table depicts a breakdown of the status of the 241 appraised lots within each neighborhood:

Neighborhood	Builder	Vacant Lots	Under Construction	Completed/Sold Model
Cherry Blossom at the Fairways	KB Home	0	0	74
Oak Ridge	Woodside	38	17	42
Windsor at the Fairways	DR Horton	0	9	25
Viridian Pointe at the Fairways	DR Horton	0	0	36
Total		38	26	177

It's worth noting, of the 74 lots within the Cherry Blossom at the Fairways by KB Home comprising the appraised properties, 72 are reflected on the Assessor's 2018/2019 Tax Roll as being held by the merchant builder (KB Home of California); however, as of the date of value (inspection), it appears all the homes have transferred to individual homeowners. Further, of the 97 lots within the Oak Ridge by Woodside comprising the appraised properties, 41 comprise completed homes (excluding one model home) reflected on the Assessor's 2018/2019 Tax Roll as being held by the merchant builder (Woodside 05S); however, as of the date of value (inspection), it appears all the homes have transferred to individual homeowners. Finally, of the 70 lots within the Windsor and Viridian Pointe at the Fairways by DR Horton comprising the appraised properties, 60 comprise completed homes reflected on the Assessor's 2018/2019 Tax Roll as being held by the merchant builder (Western Pacific Housing Inc.); however, as of the date of value (inspection), it appears all the homes have transferred to individual homeowners. The completed/sold homes within the boundaries of CFD No. 2016-1 not currently assessed for a complete improvement value by the Riverside County Assessor are appraised herein based on a not-less-than estimate of market value for the respective floor plan constructed within each neighborhood and assigned to each respective Assessor's parcel within CFD No. 2016-1. For the balance of the Assessor's parcels within CFD No. 2016-1, which includes vacant lots and lots with homes under construction, a finished/improved lot value is assigned.

We have been requested to provide a market value of the appraised properties by ownership and Assessor's parcel, as well as a cumulative, or aggregate, value of the properties, as of the date of inspection (value). The market value of the appraised properties, by ownership, as well as the cumulative, or aggregate, value of the appraised properties in CFD No. 2016-1 account for the impact of the lien of the Special Tax securing the CFD No. 2016-1 Special Tax Bonds ("Bonds").

As a result of our analysis, it is our opinion the cumulative, or aggregate, value, in accordance with the assumptions and conditions set forth in the attached document, as well as the Assessed Values of the 131 completed single-family residences not appraised, as of January 1, 2019, are as follows:



Final Value Conclusions				
Value Premise	Date of Value	Value per Parcel	No. of Parcels	Aggregate Value
Not-Less-Than Market Value per Home [^]	1/1/2019			
Cherry Blossom at the Fairways (KB Home)		\$300,000	74	\$ 22,200,000
Oak Ridge (Woodside)		\$370,000	42	\$ 15,540,000
Windsor at the Fairways (DR Horton)		\$370,000	25	\$ 9,250,000
Viridian at the Fairways (DR Horton)		\$350,000	36	\$ 12,600,000
Not-Less-Than Market Value - Homes Under Construction	1/1/2019			
Oak Ridge (Woodside)		\$110,000	17	\$ 1,870,000
Windsor at the Fairways (DR Horton)		\$110,000	9	\$ 990,000
Market Value - Finished (vacant) Lots	1/1/2019			
Oak Ridge (Woodside)		\$107,105	38	\$ 4,070,000
Aggregate Value of Appraised Properties	1/1/2019		241	\$ 66,520,000
Aggregate Retail Value of Existing Homes based on Assessed Value (Fiscal Year 2018-19)			131	\$ 50,978,300
Total Aggregate Value of Appraised and Assessed Properties in the District			372	\$ 117,498,300

[^] Based upon the smallest floor plan within each subdivision

The market values estimated herein are based on a **hypothetical condition**. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” It is a hypothetical condition of this Appraisal Report that certain proceeds from the Bonds will be available to reimburse for certain public facilities completed. The estimate of market value accounts for the impact of the Lien of CFD No. 2016-1 for the Special Taxes securing the Bonds.

The estimates of value above represent a “not-less-than” value due to the fact we were requested to provide a market value of each floor plan (by project) on each single-family residential lot improved with a completed home without a complete assessed improvement value assigned with no consideration to options/upgrades or improvements completed above the base floor plan value.

Any properties within CFD No. 2016-1 not subject to the Lien of the Special Tax securing the Bonds (public and quasi-public land use sites), in addition to those lots/parcels with completed improvements with an assigned complete assessed value for both land and improvements, are not a part of this Appraisal Report.

Please note the aggregate of the appraised values noted above **is not** the market value of the appraised properties in bulk. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is the “total of multiple market value conclusions.” For purposes of this Appraisal Report, market value is estimated by ownership.

The estimates of market value provided assume a transfer would reflect a cash transaction or terms considered to be equivalent to cash. The estimates are also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller acting prudently, knowledgeably, for their own self-interest and assuming neither is under duress.



Mr. Todd Parton
February 13, 2019
Page 4

Further, the estimates of market value, by ownership, estimated herein specifically assume the appraised properties within the boundaries of CFD No. 2016-1 are not marketed concurrently, which would suggest a market under duress.


We hereby certify the properties have been inspected and have impartially considered all data collected in the investigation as part of furnishing this Appraisal Report. Further, we have no past, present or anticipated future interest in the properties. This letter must remain attached to this Appraisal Report, which contains 61 pages, plus related exhibits and Addenda, in order for the value opinions set forth herein to be considered valid.

The appraised properties do not have any significant natural, cultural, recreational or scientific value. The appraisers certify this appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

This Appraisal Report has been performed in accordance with the requirements of USPAP, the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and the Appraisal Standards for Land Secured Financing, published by the California Debt and Investment Advisory Commission (2004). Additionally, this valuation is offered in accordance with the limiting conditions and assumptions set forth in this report. The appraisers understand and agree that this Appraisal Report is expected to be, and may be, utilized by the City of Beaumont and CFD No. 2016-1 in the marketing of the Bonds and to satisfy certain legal requirements in connection with issuing the Bonds.

Thank you for the opportunity to work with your office on this assignment.

Respectfully submitted,



Eric A. Segal, MAI
State Certification No.: AG026558
Expiration Date: February 18, 2021



Kevin K. Ziegenmeyer, MAI
State Certification No.: AG013567
Expires: June 4, 2019



Table of Contents

Transmittal Letter	
Summary of Salient Facts and Conclusions	1
General Information	
Identification of Subject	3
Sale History	3
Purpose of Appraisal	3
Definition of Market Value	3
Intended Use and User	5
Scope of Work	5
Property History and Information	
Property Legal Data	8
Site Description	
Site Description	16
Subject Photographs	19
Economic Analysis	
Area Analysis – Riverside County	24
Surrounding Area Analysis	30
Residential Market	35
Highest and Best Use	37
Valuation	
Valuation Methodology	39
Market Valuation – Completed Single-Family Homes	40
Market Valuation – Single-Family Lots	45
Final Conclusions of Value	59
Certifications	61
Assumptions and Limiting Conditions	63
Addenda	
A. Appraiser Qualifications	
B. Value by Assessor’s Parcel	

Summary of Salient Facts and Conclusions

Property:	The appraised property comprises 241 of the 372 Assessor's parcels within the boundaries of Community Facilities District No. 2016-1 of the City of Beaumont
Location:	North of Oak Valley Pwy., East and West of Tukwet Canyon Pwy., within the City of Beaumont, Riverside County, California
Assessor Parcel Numbers/ Owners of Record:	A complete list of the 372 Assessor's parcels comprising CFD No. 2016-1, along with the respective ownership, based on the 2018/2019 Assessor's Tax Roll, which comprises both the appraised properties and Assessed properties, is presented in the Value by Assessor's Parcel list in the Addenda to this Appraisal Report.
Census Tract:	438.23
Zoning:	SPA – Specific Plan Area
Flood Zone:	Zone X – area of minimal flood hazard [F.E.M.A. F.I.R.M. Panel 06065C0785G], effective August 28, 2008
Earthquake Zone:	According to the County of Riverside, the appraised properties are not located within a Fault Zone. According to the Seismic Safety Commission, the subject properties are located within Zone 4, which is considered to be the highest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. According to the California Department of Conservation, the subject does not appear to be located within a Landslide and Liquefaction Zone study area.
Lot Sizing:	The lot sizes within the CFD range between 4,356 to 16,553 square feet, with an average of 7,840 square feet
Highest and Best Use, as Vacant:	Single-family residential development
Highest and Best Use, as Improved:	Continuation of single-family residential development
Property Rights Appraised:	Fee simple interest
Date of Inspection:	December 23, 2018
Effective Date of Value:	January 1, 2019
Date of Report:	February 13, 2019
Exposure Time/Marketing Time:	12 months



**Conclusion of Cumulative, or Aggregate,
Value of CFD No. 2016-1:**

Final Value Conclusions				
Value Premise	Date of Value	Value per Parcel	No. of Parcels	Aggregate Value
Not-Less-Than Market Value per Home [^]	1/1/2019			
Cherry Blossom at the Fairways (KB Home)		\$300,000	74	\$ 22,200,000
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Windsor at the Fairways (DR Horton)		\$370,000	25	\$ 9,250,000
Viridian at the Fairways (DR Horton)		\$350,000	36	\$ 12,600,000
Not-Less-Than Market Value - Homes Under Construction	1/1/2019			
Oak Ridge (Woodside)		\$110,000	17	\$ 1,870,000
Windsor at the Fairways (DR Horton)		\$110,000	9	\$ 990,000
Market Value - Finished (vacant) Lots	1/1/2019			
Oak Ridge (Woodside)		\$107,105	38	\$ 4,070,000
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Aggregate Retail Value of Existing Homes based on Assessed Value (Fiscal Year 2018-19)			131	\$ 50,978,300
Total Aggregate Value of Appraised and Assessed Properties in the District			372	\$ 117,498,300

[^] Based upon the smallest floor plan within each subdivision

The market values estimated herein are based on a **hypothetical condition**. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” It is a hypothetical condition of this Appraisal Report that certain proceeds from the Bonds will be available to reimburse for certain public facilities completed. The estimate of market value accounts for the impact of the Lien of CFD No. 2016-1 for the Special Taxes securing the Bonds.

The estimates of value above represent a “not-less-than” value due to the fact we were requested to provide a market value of the smallest floor plan (by project) on each single-family residential lot improved with a completed home without a complete assessed improvement value assigned.

The market value of the appraised properties by Assessor’s Parcel can be found in the Addenda of this Appraisal Report. Any properties within CFD No. 2016-1 not subject to the Lien of the Special Tax securing the Bonds (public and quasi-public land use sites), in addition to those lots/parcels with completed improvements with an assigned complete assessed value for both land and improvements, are not a part of this appraisal.

Please note the aggregate of the appraised values noted above **is not** the market value of the appraised properties in bulk. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is the “total of multiple market value conclusions.” For purposes of this report, market value is estimated by ownership.

The estimates of market value, by ownership, estimated herein specifically assume the appraised properties within the boundaries of CFD No. 2016-1 are not marketed concurrently, which would suggest a market under duress.

The value conclusions noted above are subject to the Extraordinary Assumptions, Hypothetical Conditions, General Assumptions and Limiting Conditions referenced in this report.

General Information

Identification of Subject

The subject property represents the City of Beaumont Community Facilities District No. 2016-1, which comprises 372 residential lots within the Fairway Canyon master planned community located north of Oak Valley Parkway, east and west of Tukwet Canyon Parkway, within the City of Beaumont, Riverside County, California. Of the 372 Assessor's parcels within the boundaries of CFD No. 2016-1, 131 parcels have a single-family home, most of which have sold to individual homeowners, with a complete assessed value for both land and improvements (defined as a total assessed value above \$300,000) and are not the subject of this Appraisal. CFD No. 2016-1 comprises four neighborhoods developed by three merchant builders: KB Home, DR Horton and Woodside.

A breakdown of the four neighborhoods, by builder, is shown in the following table:

Neighborhood	Builder	Total No. of Lots	Assessed Lots	Appraised Lots
Cherry Blossom at the Fairways	KB Home	94	20	74
Oak Ridge	Woodside	148	51	97
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Total		372	131	241

The following table depicts a breakdown of the status of the 241 appraised lots within each neighborhood:

Neighborhood	Builder	Vacant Lots	Under Construction	Completed/Sold Model
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Viridian Pointe at the Fairways	DR Horton	<u>0</u>	<u>0</u>	<u>36</u>
Total		38	26	177

It's worth noting, of the 74 lots within the Cherry Blossom at the Fairways by KB Home comprising the appraised properties, 72 are reflected on the Assessor's 2018/2019 Tax Roll as being held by the merchant builder; however, as of the date of value (inspection), it appears all the homes have transferred to individual homeowners. Further, of the 97 lots within the Oak Ridge by Woodside comprising the appraised properties, 41 comprise completed homes (excluding one model home) reflected on the Assessor's 2018/2019 Tax Roll as being held by the merchant builder; however, as of the date of value (inspection), it appears all the homes have transferred to individual homeowners. Finally, of the 70 lots within the Windsor and Viridian Pointe at the Fairways by DR Horton comprising the appraised properties, 60 comprise completed homes reflected on the Assessor's 2018/2019 Tax Roll as being held by the merchant builder; however, as of the date of value (inspection), it appears all the homes have transferred to individual homeowners. The completed/sold homes within the boundaries of CFD No. 2016-1 not currently assessed for a complete improvement value by the Riverside County Assessor are appraised herein based on a not-less-than estimate of market value for the respective floor plan constructed within each neighborhood and assigned to each respective Assessor's parcel within CFD No. 2016-1. For the balance of the Assessor's parcels within CFD No. 2016-1, which includes vacant lots and lots with homes under construction, a finished/improved lot value is assigned.



Sale History

The Appraisal Report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP) for Mass Appraisals, inasmuch this Appraisal Report does not provide a discussion of the sales history for each parcel appraised herein during the past three years. The scope of work outlined in this Appraisal Report is based on the specific intended use of this Appraisal Report. As will be shown and detailed herein, the appraised properties have been the subject of previous, recent and pending transactions as either improved single-family residential lots or completed single-family homes currently (or recently, in the case of KB Home) being marketed for sale by Woodside and DR Horton within CFD No. 2016-1.

Purpose of the Appraisal

The purpose of this Appraisal Report is to estimate the market value (*fee simple estate*), by ownership and Assessor's parcel, and the cumulative, or aggregate value of the appraised properties comprising a portion of the CFD No. 2016-1, subject to the hypothetical condition certain proceeds from the Bonds will be available to reimburse for certain public facilities completed, as of the effective date of the appraisal, January 1, 2019. USPAP defines a hypothetical condition as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis." The date of the report is February 13, 2019. The Appraisal Report is valid only as of the stated effective date or dates. The estimate of market value accounts for the impact of the Lien of CFD No. 2016-1 for the Special Taxes securing the Bonds.

Definition of Market Value

Market value is defined as "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of Property Rights Appraised

Fee simple estate is defined as, "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015))



Intended Use and User

The client and intended user of the report is the City of Beaumont and CFD No. 2016-1, along with the associated Finance Team. The Appraisal Report is intended for use in bond underwriting, and will be included in the Preliminary Official Statement and the Official Statement used to market the Bonds. The Appraisal Report will also be used to make certain determinations on behalf of CFD No. 2016-1 to satisfy issuance conditions with respect to the Bonds.

Applicable Requirements

This Appraisal Report is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- California Debt and Investment Advisory Commission (CDIAC) (2004).

Report Format

This Appraisal Report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

This Appraisal Report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This analysis is intended to be an “appraisal assignment,” as defined by USPAP; the intention is the appraisal service be performed in such a manner that the result of the analysis, opinions, or conclusion be that of a disinterested third party.

Several legal and physical aspects of the appraised properties were researched and documented. A physical inspection of the property was completed and serves as the basis for the site description contained in this report. The sales history was verified by consulting public records. Zoning and entitlement information was collected from the City of Beaumont Planning Department (on-line resources). The subject’s earthquake zones, flood zones and utilities were obtained from the respective agencies, and property tax information was obtained from the County of Riverside Assessor’s Office on-line resources.



Data relating to the subject's neighborhood and surrounding market area were analyzed and documented. This information was obtained through personal inspections of portions of the neighborhood and market area; newspaper articles; real estate conferences; and interviews with various market participants, including property owners, property managers, land brokers, developers and local government agencies.

In this appraisal we determined the highest and best use of the subject property as though vacant based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity). As will be shown in the *Highest and Best Use Analysis* section, the highest and best use of the subject property is for near term single-family residential development (production homes).

The valuation began by employing the sales comparison approach to estimate the not-less-than market value for the completed single-family homes, based on the smallest floor plan marketed within each subdivision. Then, the sales comparison approach and extraction technique were utilized to estimate the market value of the single-family residential lots. In the sales comparison approach, adjustments were applied to the prices of comparable bulk lot transactions, and a market value was concluded. Then, as a support of reasonableness, an extraction analysis was utilized, which was reconciled with the sales comparison approach conclusion.

The market value estimates for the various taxable land use components described above were then assigned to the various Assessor's parcels comprising the Appraised Properties in order to derive the values, by ownership.

The market values estimated herein are based on a *hypothetical condition*. USPAP defines a hypothetical condition as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis." It is a hypothetical condition of this Appraisal Report that certain proceeds from the Bonds will be available to reimburse for certain public facilities completed. The estimate of market value accounts for the impact of the Lien of CFD No. 2016-1 for the Special Taxes securing the Bonds.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the Appraisal Report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the Appraisal Report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

An inspection of the subject was completed on December 23, 2018. The effective date of market value is January 1, 2019. This Appraisal Report was completed and assembled on February 13, 2019.



Extraordinary Assumptions and Hypothetical Conditions

It is noted the use of an extraordinary assumption or hypothetical condition may have affected the results of the appraisal.

Extraordinary Assumptions

None

Hypothetical Conditions

1. The market values estimated herein is based on a ***hypothetical condition***. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” It is a hypothetical condition of this Appraisal Report that certain proceeds from the Bonds will be available to reimburse for certain public facilities completed. The estimate of market value accounts for the impact of the Lien of CFD No. 2016-1 for the Special Taxes securing the Bonds.

Property History and Information

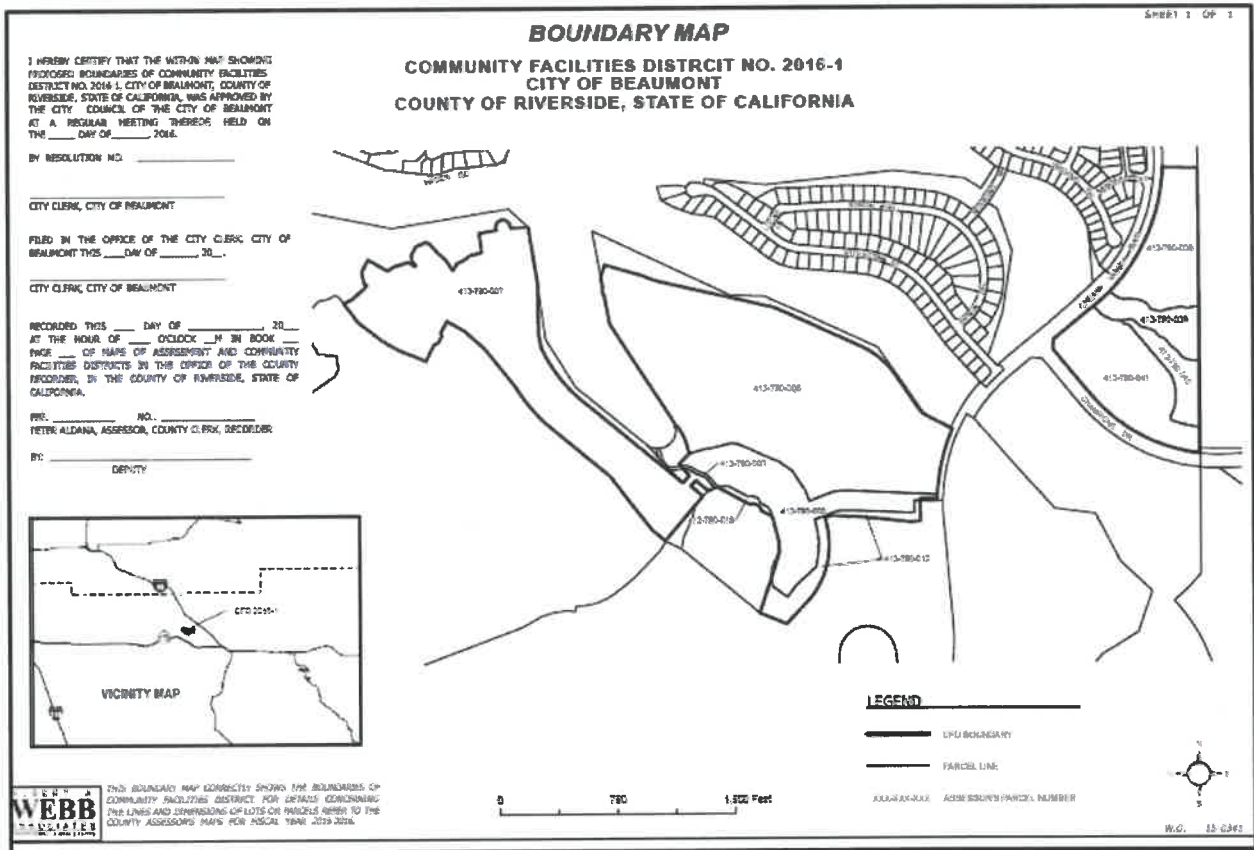
Property Legal Data

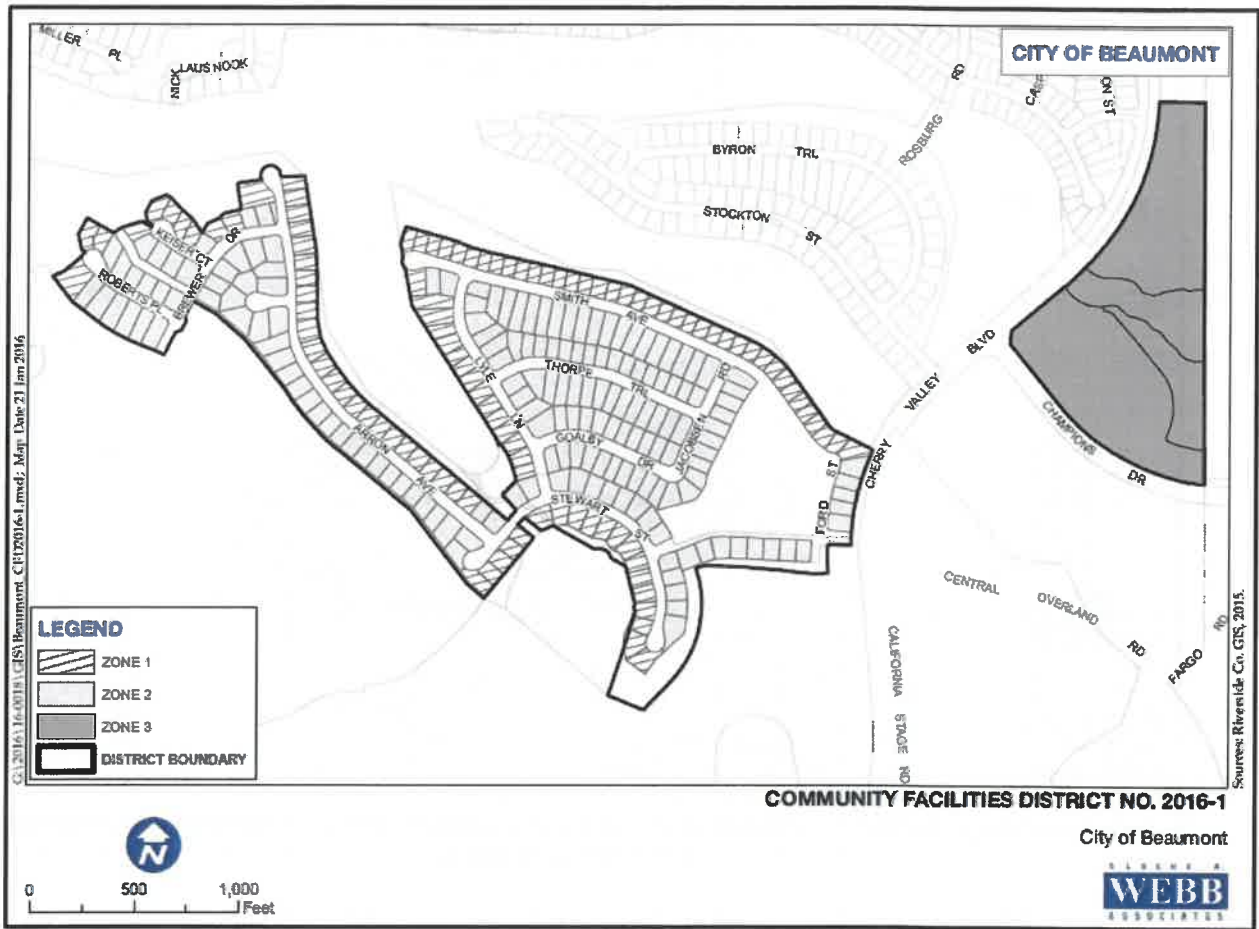
Assessor's Parcel Map(s)

CFD No. 2016-1 of the City of Beaumont consists of 372 single-family residential lots, of which 131 have a single-family home with a complete assessed value for both land and improvements and are not the subject of this appraisal.

Of the 241 Assessor's parcels comprising the subject of this Appraisal Report, there are 177 completed single-family homes, including one model home, within the boundaries of CFD No. 2016-1 not currently assessed for a complete improvement value by the Riverside County Assessor; as such, a not-less-than estimate of market value for the floor plans constructed within each subdivision was appraised and assigned to each respective Assessor's parcel within CFD No. 2016-1. Of the 64 remaining Assessor's parcels, 38 represented vacant, or finished, lots and 26 were under construction with new single-family residential homes for which a finished/improved lot value was assigned.

Below, and on the following page, is a Boundary Map for CFD No. 2016-1.

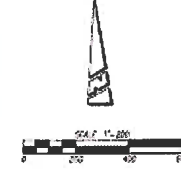




Current Assessor's parcel maps are not yet available from the County of Riverside Assessor's Office. Presented on the following pages are excerpts from the Final Maps recorded, which comprise all of the appraised and assessed parcels within the boundaries of CFD No. 2016-1.

TRACT NO. 31462-7

IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
 WHEN A PROPOSED PARCEL 1 IS FORMED AND THE 100% INTEREST IN SAID PARCEL 1 IS TRANSFERRED TO THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA SHALL BE BOUND BY THE PROVISIONS OF THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
 PROJECT ENGINEERING CONSULTANTS WEST JULY 2015



CURB TABLE

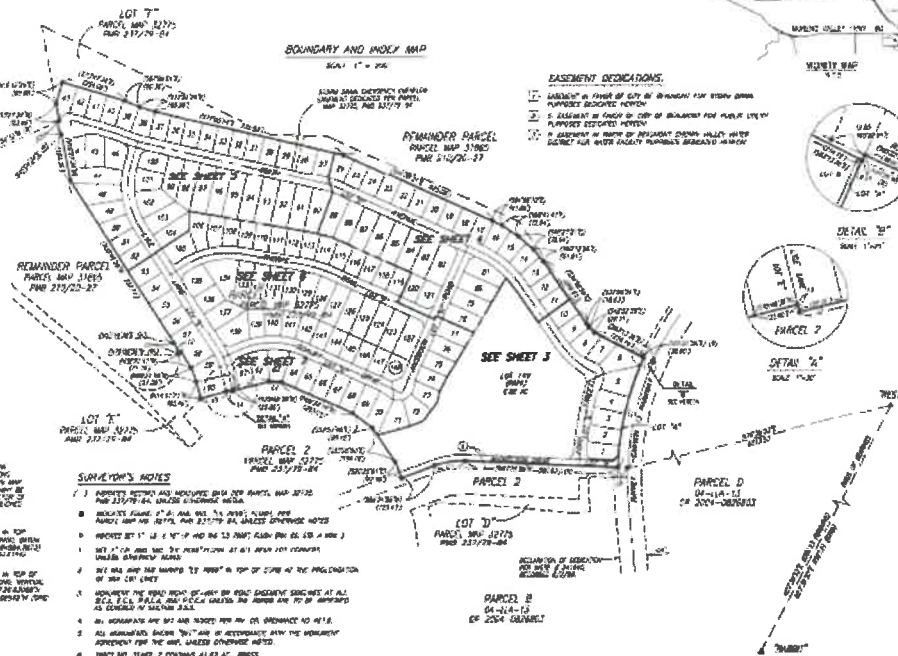
CURB #	INCHES	FEET	LENGTH	AREA
1	30.00	2.50	17.00	42.50
2	48.00	4.00	30.00	120.00
3	30.00	2.50	17.00	42.50
4	30.00	2.50	17.00	42.50
5	30.00	2.50	17.00	42.50
6	30.00	2.50	17.00	42.50
7	30.00	2.50	17.00	42.50
8	30.00	2.50	17.00	42.50
9	30.00	2.50	17.00	42.50
10	30.00	2.50	17.00	42.50
11	30.00	2.50	17.00	42.50
12	30.00	2.50	17.00	42.50
13	30.00	2.50	17.00	42.50
14	30.00	2.50	17.00	42.50
15	30.00	2.50	17.00	42.50
16	30.00	2.50	17.00	42.50
17	30.00	2.50	17.00	42.50
18	30.00	2.50	17.00	42.50
19	30.00	2.50	17.00	42.50
20	30.00	2.50	17.00	42.50

LINE TABLE

LINE #	BEARING	DISTANCE
1	S 81° 11' 00" E	100.00
2	S 81° 11' 00" E	100.00
3	S 81° 11' 00" E	100.00
4	S 81° 11' 00" E	100.00
5	S 81° 11' 00" E	100.00
6	S 81° 11' 00" E	100.00
7	S 81° 11' 00" E	100.00
8	S 81° 11' 00" E	100.00
9	S 81° 11' 00" E	100.00
10	S 81° 11' 00" E	100.00
11	S 81° 11' 00" E	100.00
12	S 81° 11' 00" E	100.00
13	S 81° 11' 00" E	100.00
14	S 81° 11' 00" E	100.00
15	S 81° 11' 00" E	100.00
16	S 81° 11' 00" E	100.00
17	S 81° 11' 00" E	100.00
18	S 81° 11' 00" E	100.00
19	S 81° 11' 00" E	100.00
20	S 81° 11' 00" E	100.00

BASES OF MEASUREMENTS

THE BASIS OF MEASUREMENTS FOR THE MAP IS THE CIRCULAR CURVE AREA...
 1) CURVE CENTER POINT
 2) CURVE RADIUS
 3) CURVE CHORD
 4) CURVE PERCENTAGE
 5) CURVE AREA
 6) CURVE PERIMETER
 7) CURVE CHORD BEARING
 8) CURVE CHORD DISTANCE
 9) CURVE CHORD AREA
 10) CURVE CHORD PERIMETER
 11) CURVE CHORD CHORD BEARING
 12) CURVE CHORD CHORD DISTANCE
 13) CURVE CHORD CHORD AREA
 14) CURVE CHORD CHORD PERIMETER
 15) CURVE CHORD CHORD CHORD BEARING
 16) CURVE CHORD CHORD CHORD DISTANCE
 17) CURVE CHORD CHORD CHORD AREA
 18) CURVE CHORD CHORD CHORD PERIMETER
 19) CURVE CHORD CHORD CHORD CHORD BEARING
 20) CURVE CHORD CHORD CHORD CHORD DISTANCE



- EASEMENT DEDICATIONS**
- 1. EASEMENT IN FAVOR OF CITY OF BEAUMONT FOR STREET LIGHTS
 - 2. EASEMENT IN FAVOR OF CITY OF BEAUMONT FOR PUBLIC UTILITIES
 - 3. EASEMENT IN FAVOR OF BEAUMONT CHINA HILLS WATER DISTRICT FOR WATER FACILITY PLUMBING SERVICES



- SURVEYOR'S NOTES**
1. ALL DISTANCES ARE IN FEET AND DECIMALS THEREOF.
 2. ALL BEARINGS ARE TRUE BEARINGS.
 3. ALL CORNERS ARE TO BE MARKED WITH IRON PIPES OR IRON BOLTS.
 4. ALL DISTANCES ARE TO BE MEASURED ALONG THE CENTERLINE OF THE ROAD.
 5. ALL DISTANCES ARE TO BE MEASURED ALONG THE CENTERLINE OF THE ROAD.
 6. ALL DISTANCES ARE TO BE MEASURED ALONG THE CENTERLINE OF THE ROAD.

Oak Ridge by Woodside

Location

The appraised properties are generally located north of Oak Valley Parkway, east and west of Tukwet Canyon Parkway, within the City of Beaumont, Riverside County, California.

Legal Description

A complete legal description, which would typically be included in a preliminary title report, was not provided to the appraiser.

Owner(s) of Record

A summary of the various ownership group holdings is provided in the following table.

Physical Status of Assessed & Appraised Properties	
Description	No. Homes/Lots
Completed Single-Family Homes (Assessed*)	
Cherry Blossom at the Fairways (KB Home)	20
Oak Ridge (Woodside)	51
Windsor at the Fairways (DR Horton)	30
Viridian Pointe at the Fairways (DR Horton)	<u>30</u>
<i>Completed Single-Family Homes^</i>	131
Completed Single-Family Homes (Appraised)	
Cherry Blossom at the Fairways (KB Home)	74
Oak Ridge (Woodside)	42
Windsor at the Fairways (DR Horton)	25
Viridian Pointe at the Fairways (DR Horton)	<u>36</u>
<i>Completed Single-Family Homes without a complete assessed valuation for structural improvements</i>	177
Single-Family Homes Under Construction	
Oak Ridge (Woodside)	17
Windsor at the Fairways (DR Horton)	<u>9</u>
<i>Under Construction</i>	26
Finished (vacant) lots	
Oak Ridge (Woodside)	<u>38</u>
<i>Finished (vacant) lots</i>	38

* Based on Assessor's 2018/2019 Tax Roll

^ Assessed Values are relied upon herein and are not the subject of this appraisal

As previously noted, the Assessor's Office records are not current as to ownership and four of the completed homes appraised herein are actually owned by individual homeowners. In fact, of the 74 lots within the Cherry Blossom at the Fairways by KB Home comprising the appraised properties, 72 are reflected on the Assessor's 2018/2019 Tax Roll as being held by the merchant builder; however, as of the date of value (inspection), it appears all 72 homes have transferred to individual homeowners.

Of the 97 lots within the Oak Ridge by Woodside comprising the appraised properties, 41 comprise completed homes (excluding one model home) reflected on the Assessor's 2018/2019 Tax Roll as being held by the merchant builder; however, as of the date of value (inspection), it appears all 41 homes have transferred to individual homeowners.



Finally, of the 70 lots within the Windsor and Viridian Pointe at the Fairways by DR Horton comprising the appraised properties, 60 comprise completed homes reflected on the Assessor's 2018/2019 Tax Roll as being held by the merchant builder; however, as of the date of value (inspection), it appears all 60 homes have transferred to individual homeowners

Property Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual inflationary increases cannot exceed 2% per year. The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year assessed value.

Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and supplemental assessments. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the political jurisdiction in which the property is located, can be added to the 1% tax rate.

Ad Valorem Taxes

The existing ad valorem taxes are of nominal consequence in this appraisal, primarily due to the fact these taxes will be adjusted substantially as the remaining property improvements are completed and in consideration of the definition of market value employed in this appraisal, which assumes a sale of the appraised properties. According to the Riverside County Treasurer-Tax Collector's Office, the appraised properties are located in Tax Rate Area 002-054, which have a cumulative annual tax rate of 1.35694% based on assessed value.

Special Assessments

All of the appraised properties are encumbered by the Special Tax Lien of CFD No. 2016-1. According to the Rate and Method of Apportionment, annual special taxes per residential property are scheduled as follows:

Assigned Special Taxes - Residential Property - CFD No. 2016-1					
Builder	KB Home	Woodside		DR Horton	
	PA 14 Assigned	PA 16 Assigned		PA 19 Assigned	
Building Size	Special Tax	Special Tax		Special Tax	
		Zone 1	Zone 2	Zone 1	Zone 2
≤ 2,300	\$1,440	\$1,830	\$1,440	-	-
2,300 - 2,799	-	\$1,863	\$1,600	\$1,863	\$1,600
2,800 - 3,499	-	\$1,999	\$1,865	\$1,999	\$1,865
≥ 3,499	-	\$2,150	\$2,019	-	-

In addition to the Special Tax above, each Assessor's parcel is also encumbered by the CFD 2016-1 Services Tax, which equates to \$328.86 per parcel, the San Geronio Hospital Measure D (\$55.10 per parcel) and FLD Central Stormwater/Clean water (\$3.76 per parcel), which total \$387.72 per parcel.

Conditions of Title

Based on the significant number of home sales and corresponding diversification of ownership, a preliminary title report encompassing each Assessor's parcel within the District was not provided for this analysis. It is

assumed there are no adverse conditions on title. The appraiser assumes no negative title restrictions and accepts no responsibility for matters pertaining to title.

Zoning and Entitlements

Zoning: SPA– Specific Plan Area

Purpose: The Specific Plan zoning designation applies to those areas of the City that have an adopted Specific Plan as well as those areas where a Specific Plan will be required at which time a development concept is proposed. Those Specific Plans that were adopted prior to the adoption of this Zoning Ordinance or the currently adopted General Plan have been incorporated herein by reference. Any future Specific Plan or Specific Plan Amendment must be consistent with the adopted General Plan.

The appraised properties are located within the Fairway Canyon master planned community, in the western portion of the city of Beaumont. In total, Fairway Canyon comprises approximately 1,556 acres of land of which 678 acres are zoned for 3,300 residential units, with 46.4 acres of commercial/industrial land uses and the balance set aside for public/quasi-public uses. Fairway Canyon is surrounded by the Tukwet Canyon 18-hole golf course.

Flood Zone

According to the Federal Emergency Management Agency (FEMA) National Flood Insurance Program, Flood Insurance Rate Map (FIRM) Panel 06065C0785G, dated August 28, 2008, the subject is located within Zone X (areas of minimal floor hazard).

Earthquake Zone

According to the County of Riverside, the appraised properties are not located within a Fault Zone. According to the Seismic Safety Commission, the subject properties are located within Zone 4, which is considered to be the highest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. According to the California Department of Conservation, the subject does not appear to be located within a Landslide and Liquefaction Zone study area.

Easements

The appraiser is not a surveyor nor qualified to determine the exact location of any easements. It is assumed any easements noted in a preliminary title report do not have an impact on the opinion of value set forth in this report. If at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion of value contained herein.



Site Description

Site Description



Source: AirViews (01/03/2019)

The subject property is CFD No. 2016-1, which is generally located north of Oak Valley Parkway, east and west of Tukwet Canyon Parkway, within the City of Beaumont, Riverside County, and consists of 372 single-family residential lots comprising a portion of the Fairway Canyon master planned community. Of the 372 Assessor's parcels within the boundaries of CFD No. 2016-1, 131 have a single-family home with a complete assessed value for both land and improvements and are not the subject of this appraisal. Of the 241 Assessor's parcels comprising the subject of this Appraisal Report, there are 177 completed single-family homes, including one model home, within the boundaries of CFD No. 2016-1 not currently assessed for a complete improvement value by the Riverside County Assessor; as such, a not-less-than estimate of market value for the floor plans constructed within each subdivision was appraised and assigned to each respective Assessor's parcel within CFD No. 2016-1. Of the 64 remaining Assessor's parcels, 38 represented vacant, or finished, lots and 26 were under construction with new single-family residential homes for which a finished/improved lot value was assigned.

Topography:

Generally level to hillside development

Shape:

The individual Assessor's parcels are generally rectangular in shape and conducive to single-family residential use.

Access, Frontage, Visibility:

The appraised properties have adequate access/frontage to the major surface streets in the Fairway Canyon development, most notably Tukwet Canyon Parkway and Champions Drive. Various interior surface streets provide access to the subject lots, including Mickelson Drive, Smith Avenue, Lyle Lane, Aaron Avenue, Stewart Street, Brewer Drive, Trevor Lane and Michelle Lane. Overall, the accessibility and visibility of the property are considered adequate for residential use. CFD No. 2016-1 is located less than one mile west of Interstate 10, a major transportation route in the Inland Empire, and less than a mile north of the 60 Freeway, a secondary, major transportation route in the region.

Adjacent Uses:

North
East
South
West

Single-family residential development
Single-family residential development
Morongo Golf Club at Tukwet Canyon
Morongo Golf Club at Tukwet Canyon

Utilities:

All public utilities (electricity, gas, water, sewer, telephone) are available to each of the subject lots.

Drainage:

Based on a physical inspection of the appraised properties, it appears drainage is adequate.

Soils:

The appraiser has not been provided a soils report to determine the load bearing capacity of the appraised properties. Based on the existing and surrounding improvements, no adverse subsoil conditions are apparent. The soils appear to be similar to other local parcels that, to the best of our knowledge, have been improved with no adverse effects.

Environmental Issues:

At the time of inspection, the appraiser did not observe the existence of hazardous material, which may or may not be present, on the appraised properties. The appraiser has no knowledge of the existence of such materials on the property. However, the appraiser is not qualified to detect such substances. The presence of potentially hazardous materials could affect the value of the property. The value estimate is predicated on the assumption there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

Offsite Improvements:

As of the date of inspection, all off-site improvements (streets, curbs, gutters, sidewalks, streetlights) were in place; however, Woodside reports \$110,000 in remaining in-tract costs, which will be considered herein. According to the



master developer, Argent Management, remains obligated to complete park improvements within the CFD; however, these costs are no longer the obligation of the merchant builders and homeowners cited herein. Thus, no additional costs are considered herein.

Conclusion:

Overall, the appraised properties are deemed functional in terms of size, topography, shape and overall location. There appear to be no unusual or restrictive physical limitations to the appraised properties. The appraised properties are considered physically suitable for residential development.



Subject Photographs



CFD No. 2016-1 – Zone 3 (KB Home)



CFD No. 2016-1 – Zone 3 (KB Home)



CFD No. 2016-1 – Zone 3 (KB Home)



CFD No. 2016-1 – Zone 3 (KB Home)



CFD No. 2016-1 – Zone 3 (KB Home)



CFD No. 2016-1 – Zone 3 (KB Home)



CFD No. 2016-1 – Zone 3 (KB Home)



CFD No. 2016-1 – Zone 3 (KB Home)



CFD No. 2016-1 – Zone 1 (Woodside)



CFD No. 2016-1 – Zone 2 (Woodside)



CFD No. 2016-1 – Zone 2 (Woodside)



CFD No. 2016-1 – Zone 2 (Woodside)



CFD No. 2016-1 – Zone 2 (Woodside)



CFD No. 2016-1 – Zones 1 & 2 (Woodside)



CFD No. 2016-1 – Zones 1 & 2 (Woodside)



CFD No. 2016-1 – Zones 1 & 2 (Woodside)



CFD No. 2016-1 – Zones 1 & 2 (DR Horton)



CFD No. 2016-1 – Zones 1 & 2 (DR Horton)



CFD No. 2016-1 – Zones 1 & 2 (DR Horton)



CFD No. 2016-1 – Zones 1 & 2 (DR Horton)



CFD No. 2016-1 – Zones 1 & 2 (DR Horton)



CFD No. 2016-1 – Zones 1 & 2 (DR Horton)



CFD No. 2016-1 – Zones 1 & 2 (DR Horton)



CFD No. 2016-1 – Zones 1 & 2 (DR Horton)



CFD No. 2016-1 – Zones 1 & 2 (DR Horton)



Community Entrance



Aerial Photo (01/03/2019)



Aerial Photo (01/03/2019)

Economic Analysis

Area Analysis – Riverside County

Riverside County

Introduction

Riverside County is part of a region known as the Inland Empire of southern California, southeast of Los Angeles. The county is bordered by San Bernardino County to the north, Orange County to the west, San Diego and Imperial counties to the south, and the state of Arizona to the east. Major cities in the county include Riverside, Moreno Valley, Corona, Murrieta and Temecula. In general, Riverside County is one of California’s fastest growing metropolitan areas. Many new residents are coming from the more expensive metropolitan areas of Los Angeles, Orange and San Diego.

Population

The county has a population of just over 2.3 million and has grown at a moderate rate of 1.3% per year for the past five years. The following table illustrates recent population trends for areas within Riverside over the past several years.

Population Trends							
City	2013	2014	2015	2016	2017	2018	%/Yr (5-year)
Banning	30,380	30,549	30,746	30,967	31,170	31,282	0.6%
Beaumont	40,701	41,920	43,906	45,617	46,730	48,237	3.7%
Blythe	19,382	18,737	18,522	19,008	19,027	19,389	0.0%
Calimesa	7,936	8,036	8,114	8,212	8,567	8,876	2.4%
Canyon Lake	10,617	10,652	10,673	10,728	10,882	11,018	0.8%
Cathedral City	52,743	53,031	53,390	53,842	54,296	54,791	0.8%
Coachella	43,210	44,101	44,486	44,940	45,273	45,635	1.1%
Corona	158,489	160,955	162,396	163,341	166,819	168,574	1.3%
Desert Hot Springs	28,363	28,591	28,900	29,252	29,347	29,742	1.0%
Eastvale	56,928	58,790	59,930	62,147	63,720	64,855	2.8%
Hemet	79,773	80,196	80,439	80,997	82,417	83,166	0.9%
Indian Wells	5,223	5,295	5,407	5,512	5,549	5,574	1.3%
Indio	81,441	82,419	84,009	85,233	86,632	87,883	1.6%
Jurupa Valley	97,808	98,420	99,742	101,412	103,661	106,054	1.7%
Lake Elsinore	56,124	57,488	59,404	61,422	62,487	63,365	2.6%
La Quinta	38,430	38,991	39,323	39,899	40,605	41,204	1.4%
Menifee	82,476	83,968	85,801	87,608	89,552	91,902	2.3%
Moreno Valley	198,479	199,752	201,387	202,621	204,285	207,629	0.9%
Murrieta	106,299	107,254	109,408	110,166	111,793	113,541	1.4%
Norco	27,033	27,006	26,198	26,727	26,799	26,761	-0.2%
Palm Desert	50,014	50,414	50,683	51,250	52,058	52,769	1.1%
Palm Springs	45,463	45,847	46,099	46,534	47,157	47,706	1.0%
Perris	72,002	73,351	74,866	76,070	77,311	77,837	1.6%
Rancho Mirage	17,967	18,076	18,201	18,369	18,579	18,738	0.9%
Riverside	312,973	315,129	317,890	320,226	323,190	325,860	0.8%
San Jacinto	45,627	46,014	46,462	47,085	47,560	48,146	1.1%
Temecula	105,359	106,749	109,144	110,536	112,040	113,181	1.5%
Wildomar	33,534	34,136	34,751	35,270	35,882	36,287	1.6%
Unincorporated	361,015	365,395	367,618	371,726	379,252	385,953	1.4%
Total	2,265,789	2,291,262	2,317,895	2,346,717	2,382,640	2,415,955	1.3%

Source: California Department of Finance



Riverside is the fourth most populous county in California, following Los Angeles, San Diego and Orange Counties. The majority of residents live within incorporated areas, the largest of which is the City of Riverside, with a population of just over 325,000. The population in the region is expected to continue to grow; according to the California Department of Finance, the population in Riverside County is projected to increase to nearly 2.9 million by 2030 and 3.4 million by 2050.

Employment & Economy

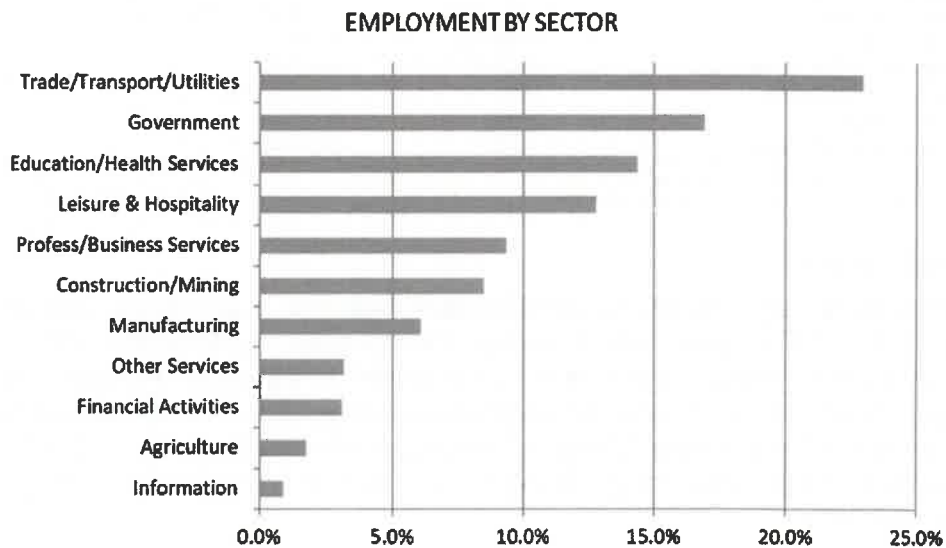
The California Employment Development Department has reported the following employment data for Riverside County over the past few years.

EMPLOYMENT TRENDS						
	2012	2013	2014	2015	2016	2017
Labor Force	992,400	1,000,200	1,029,100	1,053,600	1,062,700	1,082,200
Employment	888,700	913,200	958,500	992,200	1,006,600	1,036,200
Job Growth	21,500	24,500	45,300	33,700	14,400	29,600
Unemployment Rate	10.4%	8.7%	6.9%	5.8%	5.3%	4.3%

Source: California Employment Development Department

The unemployment rate in Riverside County was 4.3% in December 2017, which is comparable to the unemployment rates for California (4.2%) and the U.S. (3.9%). Most areas within the state and nation, including Riverside County, saw declining unemployment rates from 2004 through 2006, increases from 2007 to 2010, and declines from 2011-2017.

The following chart indicates the percentage of total employment for each sector within the county as of December 2016 (most recent available).



Source: California Employment Development Department

As illustrated in the preceding chart, the region’s largest employment sectors are Trade/Transportation/Utilities, Government, Educational and Health Services, and Leisure and Hospitality.

Riverside County has a diverse economy, with the majority of its employment distributed among several



sectors of industry, as opposed to one or two key sectors. The region's largest employers are listed in the following table.

Top Employers - Riverside County			
Employer	Location	Description	No. of Employees
County of Riverside	Countywide	County Government	22,038
March Air Reserve Base	March ARB	Military Reserve Base	9,000
University of California, Riverside	Riverside	University	8,829
Kaiser Permanente Riverside Medical Center	Riverside	Hospital	5,500
Corona-Norco Unified School District	Corona	School District	5,478
Pechanga Resort & Casino	Temecula	Resort/Casino	4,750
Riverside Unified School District	Riverside	School District	4,200
Hemet Unified School District	Hemet	School District	4,058
Riverside University Health System Medical Center	Moreno Valley	Hospital	3,965
Morongo Casino, Resort & Spa	Cabazon	Resort/Casino	3,800
Eisenhower Medical Center	Rancho Mirage	Hospital	3,700
Moreno Valley Unified School District	Moreno Valley	School District	3,561
Palm Springs Unified School District	Palm Springs	School District	3,123
Temecula Valley Unified School District	Temecula	School District	3,000
Desert Sands Unified School District	La Quinta	School District	2,677
Lake Elsinore Unified School District	Lake Elsinore	School District	2,634
City of Riverside	Riverside	City Government	2,500
Riverside Community College District	Riverside	Community College District	2,315
JW Marriott Desert Springs Resort & Spa	Palm Desert	Resort & Spa	2,311
Agua Caliente Band of Cahuilla Indians	Palm Springs	Tribal Government / Casinos	2,289
Desert Regional Medical Center	Palm Springs	Hospital	2,237
Jurupa Unified School District	Jurupa Valley	School District	2,233
Murrieta Valley Unified School District	Murrieta	School District	2,230
Riverside Community Hospital	Riverside	Hospital	2,200
Abbot Vascular	Temecula	Medical/Surgical Instruments	2,000
Coachella Valley Unified School District	Thermal	School District	2,000
Alvord Unified School District	Riverside	School District	1,915
Riverside County Office of Education	Riverside	Education	1,734
Naval Surface Warfare Center	Norco	Naval Weapons Research	1,570
Mt. San Jacinto College	San Jacinto	Community College District	1,466
La Quinta Resort & Club	La Quinta	Resort	1,450
Corona Regional Medical Center	Corona	Hospital	1,113
Fantasy Springs Resort Casino	Indio	Resort Casino	1,100
Ironwood State Prison	Blythe	Level I and III Prison	1,055
California Rehabilitation Center	Norco	Level II Prison	1,013

Source: Riverside County Economic Development Agency

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. The U.S. Census Bureau estimates a median household income of \$60,807 for Riverside County in the year 2017 (most recent data available), which was lower than the state of California's median income of \$67,169.

Transportation

Access to and through Riverside County is provided by several major routes, including Interstates 10, 15 and 215, as well as State Routes 60, 62, 74, 79, 86, 91, 111 and 243. Interstate 10 is the primary east-west connector while Interstates 15 and 215 are the primary north-south connecting highways. The 91 Freeway is a major transportation arterial from the Inland Empire to Orange County via the 55 Freeway.



Interstate 10 is a major east-west route in Southern California, connecting the Pacific coast (Santa Monica) with the Arizona state line before traveling further east through the southern portion of Arizona, New Mexico, Texas, Louisiana, Mississippi, Alabama, and terminating in Jacksonville, Florida. Interstate 10 links the major California cities of Santa Monica, Los Angeles, Ontario, Beaumont, Palm Springs, Indio and Blythe.

As a primary east-west connector, Interstate 15 connects the counties of San Bernardino, Riverside and San Diego. The route extends north through Nevada, Arizona, Utah, Idaho and Montana to the Canadian border. Interstate 15 is a major thoroughfare for traffic between San Diego and the Inland Empire, as well as between Southern California and Las Vegas, Nevada. Interstate 215 comprises approximately 55 miles of interstate highway in the Inland Empire. The southern terminus of Interstate 215 is at the junction of Interstate 15 in Murrieta in south Riverside County and travels through Perris before joining the 60 Freeway in Moreno Valley. This interstate is considered an alternative to Interstate 15 for travel between Phoenix, Las Vegas, San Bernardino and the San Diego area.

Public transportation is provided by various agencies. Riverside Transit Agency serves the western third of Riverside County, SunLine Transit Agency serves Palm Springs and the Coachella Valley area, Palo Verde Valley Transit Agency serves Blythe near the Arizona border, Pass Transit serves the San Geronio Pass communities, and Corona Cruiser serves the community of Corona. In addition, Riverside County is also served by Greyhound buses and Amtrak passenger trains.

The county's main airport is the Palm Springs International Airport. This two-runway airport is located about two miles east of downtown Palm Springs and is highly seasonal, with most flights operating during the winter; however, the nearest major airport to the appraised properties is Ontario International Airport (San Bernardino County), just northwest of Riverside County.

Recreation & Culture

Riverside County offers innumerable recreational and cultural opportunities, including many public parks, schools, golf courses, museums and performing arts venues. Popular attractions include the Botanical Gardens at the University of California, Riverside; the historic Mission Inn in downtown Riverside; March Field Air Museum, an aviation museum near Moreno Valley and Riverside, adjacent to the March Air Reserve Base; Temecula Valley, a tourist destination in the southern part of the county with numerous wineries, wine tasting rooms, bed and breakfast inns and wedding venues; and Castle Park, an amusement park. Annual events in the county include the Festival of Lights in Riverside, known for its display of nearly three million Christmas lights; Ghost Walk Riverside; Temecula Valley Balloon and Wine Festival; and Harvest Wine Celebration. Recreational activities are located throughout the county, including Anza-Borrego Desert State Park, Cleveland National Forest, Diamond Valley Lake and Skinner Reservoir/Lake Skinner Park.

There are a number of Indian Gaming Casinos in Riverside County. Amongst the largest is Pechanga Resort & Casino, Morongo Casino Resort and Spa, Soboba Casino, Agua Caliente Casino Resort and Spa, Spotlight 29 Casino, Augustine Casino and Spa Resort Casino.

Riverside County is home to multiple higher education institutions including, but not limited to, the University of California Riverside, California Baptist University, California Southern Law School, California State University San Marcos and Mt. San Jacinto College.

Conclusion

In general, Riverside County is one of the fastest growing areas in the state. Many new residents are coming from the more expensive metropolitan areas of Los Angeles, Orange and San Diego Counties. The region offers diverse employment opportunities, numerous colleges and universities, extensive transportation routes, shopping centers, public services and recreational activities. Like most of the state and nation, the county experienced rising unemployment and real estate market declines during the period of roughly 2008-2010. However, employment conditions have been improving since about 2011 and most real estate sectors are showing signs of recovery or expansion. As the economy continues to improve, the long-term outlook for the region is good.

Surrounding Area Analysis

Introduction

This section of the Appraisal Report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as “a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.”

Neighborhood Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The subject property is located within the city of Beaumont, which is located in Riverside County, within the Inland Empire region of Southern California. It is bordered on the north by the unincorporated community of Cherry Valley, on the east by the City of Banning, on the south by the City of San Jacinto and on the west by the City of Calimesa. It has a land area of 30.9 square miles and an elevation of 2,500-3,000 feet above sea level. It is situated at the peak of the San Gorgonio Pass between the cities of San Bernardino and Palm Springs.

Demographics

According to the California Department of Finance, the population in Beaumont in the year 2000 was 11,384 and grew to 36,877 by 2010, which is an increase of 224%, or an average of 22% per year. The population of Beaumont as of January 2018 is estimated at just over 48,237. This represents a 31% increase since 2010, with an average growth rate of 3.9%. Beaumont has had the highest rate of growth in Riverside County over the past five years with an average annual increase of 3.7%. Population estimates over this period are presented below.

Population Trends							
	2013	2014	2015	2016	2017	2018	%/Yr
Beaumont	40,701	41,920	43,906	45,617	46,730	48,237	3.7%

Source: California Department of Finance

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. In the year 2016 (most recent data available from the U.S. Census Bureau), the median household income in the City of Beaumont was \$68,369, which was higher than the state of California’s median income of \$63,783.

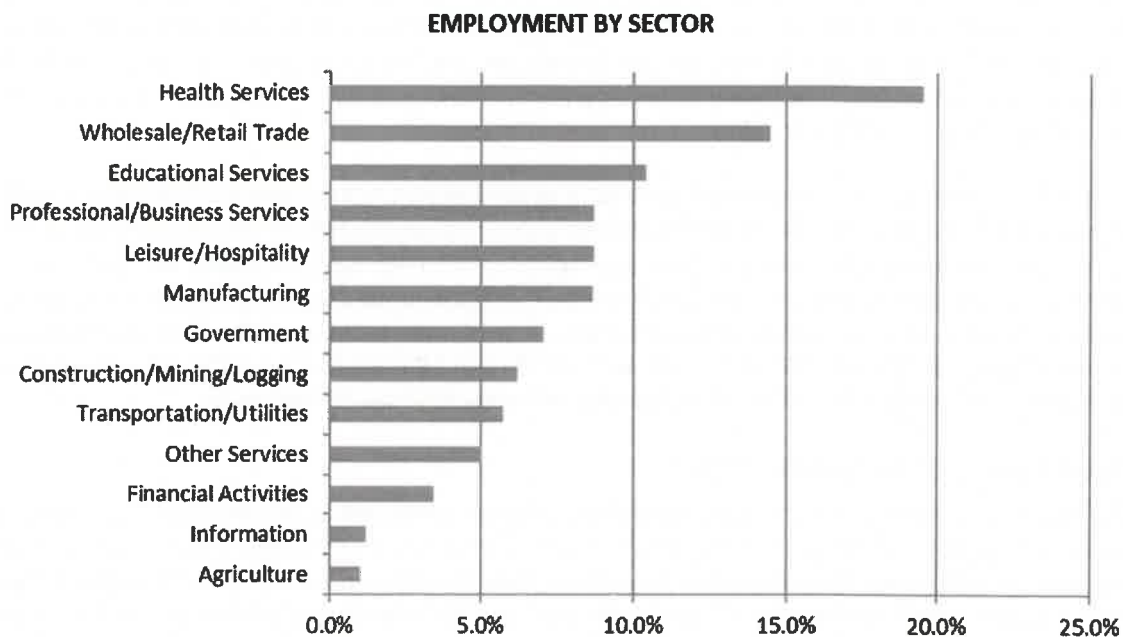
Employment & Economy

The California Employment Development Department has reported the following employment data for the City of Beaumont over the past several years.

Employment Trends						
	2012	2013	2014	2015	2016	2017
Labor Force	17,300	17,800	19,000	20,000	20,800	21,400
Employment	16,200	16,900	18,200	19,300	19,900	20,700
Job Growth	500	700	1,300	1,100	600	800
Unemployment Rate	6.4%	5.1%	4.2%	3.5%	4.3%	3.3%

Source: California Employment Development Department

The unemployment rate in Beaumont was 3.6% in July 2018, which was lower than the rates for Riverside County at 4.7% and for California at 4.4%. The following chart indicates the percentage of total employment for each sector within the city.



Source: US Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

As illustrated in the chart above, the City's largest employment sector is Health Care and Social Assistance, which represents nearly 20% of all employment. The next largest employment sectors are Wholesale/Retail Trade, which represents 14.5% of jobs and Educational Services which accounts for just over 10% of the total employment.

Access and Linkages

Since the San Geronio Pass was discovered in 1853, it has been at the center of transportation in the region, beginning with early trails, then railroads, highways and interstates. Today, Beaumont is still a transportation hub with major routes extending in every direction. Three major interstates/highways intersect at what is known as the Beaumont Avenue interchange: Interstate 10, State Route 60 and State Route 79.

Interstate 10 is the primary transportation corridor through the city, with access to Santa Monica and the Pacific Ocean to the west and eastward to the low desert cities of Palm Springs and Indio, to the Southwest regions in Arizona and New Mexico, terminating in Jacksonville Florida on the east coast. The 60 Freeway is a major east/west transportation route linking Interstate 5 in downtown Los Angeles with Interstate 10 in



Beaumont. The 60 Freeway provides direct access to most of the north/south freeways in the greater Los Angeles area, including the 215, 15, 91, 57, 605, 710 and 5 freeways. State Route 79 provides access to Hemet, Winchester and Temecula to the south. To the north, State Route 79 is Beaumont Avenue and provides access to the neighboring community of Cherry Glen and on to the scenic apple country of Oak Glen.

CFD No. 2016-1 is located north of Oak Valley Parkway, east and west of Tukwet Canyon Parkway, which connects the CFD with Interstate 10 less than one mile to the east. Interstate 10 links the subject neighborhood with the 60 Freeway, less than one mile to the south, and Beaumont Avenue (Highway 79). Highway 79 is a primary connector route to the cities of San Jacinto, Hemet and the unincorporated community of Winchester and the French Valley area of south Riverside County.

Public transit is available through the City of Beaumont Transit System, which also operates the Pass Transit System in collaboration with the City of Banning Transit. The system offers eight fixed routes and a commuter link to Calimesa, the San Bernardino Metrolink and the Loma Linda Veteran's Hospital. Additional services include Dial-A-Ride and curb-to-curb service for ADA certified and seniors 65 years and older within Beaumont and parts of Cherry Valley.

In terms of air travel, there are several proximate airports available to residents of Beaumont. Palm Springs International Airport is the nearest major airport, located approximately 30 miles to the east and the LA/Ontario International Airport is located approximately 40 miles west in Ontario. Six additional airports offering commercial international and/or domestic flights are located within 100 miles. Local airports include the Banning Municipal Airport located less than 10 miles to the east; the Redlands Municipal Airport approximately 18 miles northwest; the Hemet-Ryan Airport 18 miles to the south; and several others in San Bernardino, Riverside and Colton, all within approximately 30 miles of Beaumont.

Recreation & Community Facilities

The City of Beaumont offers adequate recreational opportunities and community facilities, with additional services accessible within 20-30 miles (30-40-minute driving time) in the larger cities of San Bernardino, Riverside and Moreno Valley. Beaumont hosts a number of family-oriented events throughout the year. The largest event is the Cherry Festival, which celebrated its 100th anniversary in May/June 2018. It is a four-day community festival with food and drinks, games, music, entertainment, rides and booths.

Beaumont offers two championship golf courses: Oak Valley Golf Club and Morongo Golf Club at Tukwet Canyon, which was formerly owned and operated by the PGA. Antique shops along 6th Street have long been a well-known attraction in Beaumont, providing a unique shopping experience. The nearby Cabazon Outlet Mall provides additional shopping, featuring 65,000 square feet of shops, representing 18 specialty retailers.

The nearest hospital is the San Geronio Memorial Hospital located just outside the Beaumont city limits, in Banning. The Beaver Medical Group, with offices throughout the Inland Empire, offers primary care, urgent care and laboratory services at its Beaumont location.

The city is served by seven elementary schools, two middle schools, two high schools and an adult school. Secondary education is accessible within approximately five to 20 miles in nearby communities, including Mt. Jacinto Community College with the San Geronio Pass Campus located in Banning and the main campus located in San Jacinto; Crafton Hills College in Yucaipa; Moreno Valley College in Moreno Valley; and University of Redlands in Redlands.

The Beaumont Civic Center houses two memorials. The Veteran's Memorial honors local veterans who served from World War I through present-day operations. The Public Safety Memorial honors police officers

and firefighters who died in the line of duty or served in the community during their lifetime. In addition, the Centennial Memorial Bridge, located off Oak Valley Parkway, honors individuals who made significant contributions to the community within its first 100 years.

Land Uses

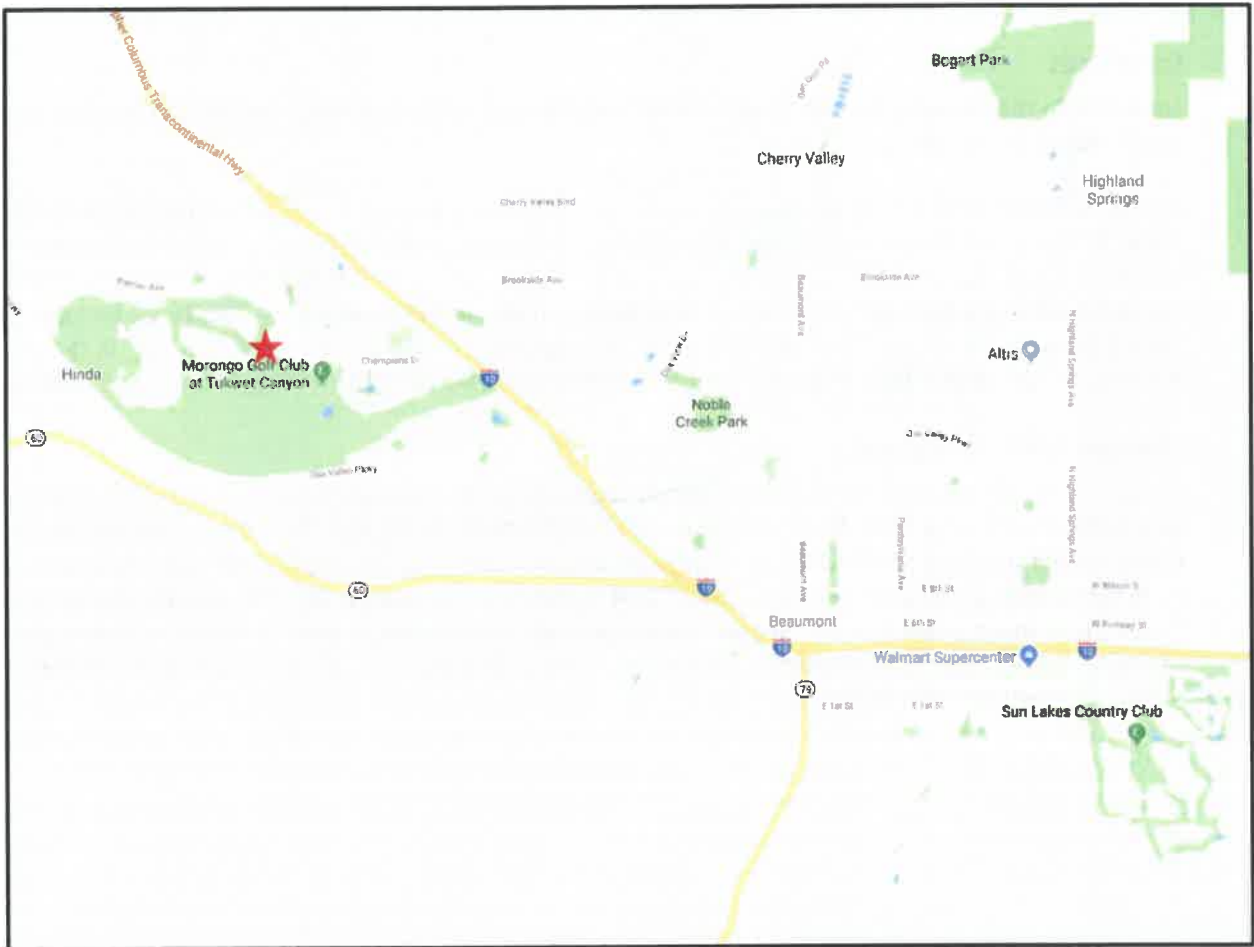
Land uses in the immediate area include primarily residential, with supporting commercial services located proximate to Interstate 10.

A neighborhood retail center anchored by Stater Bros. Market is located at the northeast corner of Oak Valley Parkway and Beaumont Avenue. A Food 4 Less anchored retail center is located at the southeast corner of North Highland Springs Avenue and East 6th Street. Just south of Interstate 10 at North Highland Springs Avenue is a high concentration of retail development, including Best Buy, Ross Dress for Less, Bed Bath & Beyond, The Home Depot and Wal-Mart, among other retailers. Just east of Best Buy, in the city of Banning, is Sun Lakes Village Shopping Center, which is anchored by Hobby Lobby, Rite Aid and Albertsons.

Outlook and Conclusions

In conclusion, the subject's immediate neighborhood is growing in residential uses. The area is considered to be a middle-income neighborhood with adequate support facilities nearby. The overall condition and quality of the neighborhood is rated as above average for the area, with the Fairway Canyon master planned community built around the Morongo Golf Club at Tukwet Canyon golf course and complimentary open space. The subject property is considered to have average transportation characteristics, including proximity to major neighborhood thoroughfares and freeway access. Overall, the subject is expected to perform reasonably well over the long term.

Surrounding Area Map



Residential Market

The subject property is located within the Fairway Canyon Specific Plan, in the western portion of the city of Beaumont, Riverside County. The neighborhood is characterized as a growing suburban area. Based on existing, surrounding homes and new projects under development, the subject characteristics best support projects designed for entry level to first-time (local) move-up buyers.

In this analysis of the housing market, we will analyze market trends within Riverside County and, more specifically, the city of Beaumont market area.

New Home Pricing

The following table depicts average sale prices for active single-family residential projects in Beaumont, including the subject's active subdivisions:

Project	Community	Developer	Average Price	Avg. Home Size (SF)	Average Price/SF
Abrio	Beaumont	Pardee Homes	\$414,113	2,768	\$149.63
Avia at Olivewood	Beaumont	William Lyon Homes	\$345,400	1,765	\$195.69
Beacon	Beaumont	Pardee Homes	\$483,000	3,325	\$145.26
Cascade	Beaumont	Pardee Homes	\$315,250	1,760	\$179.17
Capella at Olivewood	Beaumont	William Lyon Homes	\$363,900	2,034	\$178.95
Daybreak	Beaumont	Pardee Homes	\$377,988	2,245	\$168.41
Elara	Beaumont	Pardee Homes	\$313,750	1,865	\$168.28
Lugano at Olivewood	Beaumont	William Lyon Homes	\$396,400	2,418	\$163.94
Oak Ridge at The Fairways*	Beaumont	Woodside Homes	\$419,340	2,973	\$141.07
Provence at Olivewood	Beaumont	William Lyon Homes	\$433,400	2,834	\$152.96
Viridian Pointe at The Fairways*	Beaumont	Express Homes (DR Horton)	\$376,490	2,561	\$147.04
Windsor at the Fairways*	Beaumont	D.R. Horton	\$428,740	2,882	\$148.79
			<i>Minimum</i>	1,760	\$141.07
			<i>Maximum</i>	3,325	\$195.69
			<i>Average</i>	2,452	\$161.60

* subject property

Cherry Blossom at the Fairways, by KB Home, sold out November 28, 2018, 21 months after opening (February 11, 2017). With 94 homes, Cherry Blossom at the Fairways averaged 4.47 home sales per month. Oak Ridge at The Fairways opened May 9, 2016. Of the 148 lots within the subdivision, 101 homes have sold, suggesting an average of approximately three homes per month. DR Horton/Express Homes marketed two projects at The Fairways: Viridian Pointe and Windsor, with 66 lots and 64 lots, respectively. Since opening May 27, 2017, both projects are nearly sold out – the builder averaged approximately three home sales per month.

As shown by the table, new home pricing in Beaumont is generally consistent among the active projects. The average sale price amongst the subject neighborhoods is \$408,190, which coincides with an average square footage of 2,805 square feet, or \$145.63 per square foot.

Ability to Pay

In this section, we will examine the ability to pay among prospective buyers for a hypothetical home size of 2,800 square feet cited above, with a corresponding price point of \$408,000. First, we will estimate the required annual household income based on typical mortgage parameters in the subject's market area. Specifically, we will employ a loan-to-value ratio of 80% (down payment of 20%), mortgage interest rates of



4.50%, 360 monthly payments, and a 40% ratio for the housing costs as a percent of monthly income (inclusive of principal, interest, all taxes and insurance). As alluded to above, property tax payments are accounted for in the analysis. Ad valorem taxes are 1.35694% of assessed value.

As previously discussed, the appraised properties are encumbered by the Special Tax Lien of CFD No. 2016-1. For purposes of this analysis, the maximum annual Special Tax assigned to Zone 1 for the corresponding home size (\$1,999) will be utilized herein, along with the additional direct charges of \$387.72 per year.

Given the discussion above, the following table shows the estimate of the annual household income that would be required to afford homes priced at \$408,000:

Income Required - Ability to Pay	
Home Price	\$ 408,000
Loan % of Price (Loan to Value)	80%
Loan Amount	\$ 326,400
Interest Rate	4.50%
Mortgage Payment	\$1,642
Monthly Ad Valorem Taxes	\$461
Monthly CFD No. 2016-1 Special Taxes	\$167
Monthly Direct Charges	\$32
Total Monthly Obligation	\$2,302
Mortgage Payment as % of Income	40%
Implied Monthly Income	\$5,755
Annual Income	\$69,057

As shown above, the average income requirement for a new home priced at \$408,000 is approximately \$69,000, which is generally consistent with, the median income for Beaumont (\$68,369) presented in the previous section.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Vacant

Legal Permissibility

The legal factors influencing the highest and best use of the appraised properties are primarily government regulations, such as zoning and building codes. The appraised properties are zoned and approved for single-family residential development. Overall, the legally permissible uses are to develop the appraised properties in accordance with the existing entitlements and land use designation (single-family residential), which have undergone extensive planning and review. A re-zone to any other land use is highly unlikely.

Physical Possibility

The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, offsite improvements, easements and soil and subsoil conditions. The legally permissible test has resulted in uses consistent with the existing entitlements (i.e., single-family development); at this point the physical characteristics are examined to see if they are suited for the legally permissible uses.

The physical characteristics of the appraised properties support development. The Fairway Canyon project has good access and project roadways connect the various lots within the development. Public utilities are also in place to support development. Surrounding land uses are compatible and/or similar to the legally permissible use. Existing development in Fairway Canyon provides support that soils are adequate for development.

In summary, single-family residential uses are considered physically possible.

Financial Feasibility

Financial feasibility depends on supply and demand influences. With respect to financial feasibility of single-family residential development, in recent months merchant builders have acquired unimproved lots in the area for near term construction, and there are multiple active projects in the area that demonstrate demand for new homes, which indicates completion of site development is financially feasible.

Maximum Productivity

Legal, physical and market conditions have been analyzed to evaluate the highest and best use of the appraised properties as vacant. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the property. Based on the factors previously discussed, the maximally productive use of the appraised properties, and its highest and best use as vacant, is for near term single-family residential development.



Highest and Best Use as Improved

Highest and best use of the property as improved pertains to the use that should be made in light of its current improvements.

In the case of undeveloped land under development, consideration must be given to whether it makes sense to demolish existing improvements (either on-site or off-site improvements) for replacement with another use. The time and expense to demolish existing improvements, re-grade, reroute utilities or re-map must be weighed against alternative uses. If the existing or proposed improvements are not performing well, then it may produce a higher return to demolish existing improvements, if any, and re-grade the site for development of an alternative use.

Based on the current condition, the improvements completed contribute to the overall property value, including those lots with home construction underway. The value of the subject as improved exceeds its value as vacant less demolition. The highest and best use of the subject as improved is for completion of the last remaining single-family homes.

Probable Buyers

The probable buyer of the subject (as improved single-family residential lots) is a merchant builder. The probable buyer of the completed homes are individual homeowners.



Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

A **discounted cash flow analysis** is a procedure in which a discount rate is applied to a projected revenue stream generated from the sale of individual components of a project. In this method of valuation, the appraiser/analyst specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.



Market Valuation – Completed Single-Family Homes

We begin the valuation by analyzing the market values of the smallest floor plan within each subdivision for which there are completed homes without complete assessed improvement values. This analysis is a not-less-than estimate of market value, as the analysis is based on the smallest marketed floor plan within each active subdivision. To do so, we will employ the sales comparison approach to value.

The underlying premise of the sales comparison approach is the market value of a property is directly related to the price of comparable, competitive properties in the marketplace. In the sales comparison approach, the market value of the subject lots will be estimated by a comparison to similar properties that have recently sold, are listed for sale or are under contract.

This approach is based on the economic principle of substitution. According to *The Appraisal of Real Estate, 14th Edition* (Chicago: Appraisal Institute, 2013), “*The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time.*” The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining recent sales data for comparison with the appraised properties. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

As requested, we will estimate the market value of the smallest floor plan offered within the four subdivisions comprising CFD No. 2016-1, as of the date of value, January 1, 2019, to apply to those lots with completed single-family homes *without* a complete assessed value for both land and improvements (defined as a total assessed value above \$300,000). The objective of the analyses is to estimate the base price of the smallest floor plan, net of incentives, upgrades and lot premiums. Base price pertains to the typical (median) lot size within the subject. The sales comparison approach to value is employed in order to establish the market values for each floor plan.

A summary of the smallest floor plan within each neighborhood is provided below.

Oak Ridge by Woodside

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size*
1	2,276	1	4	2.5	2
2	2,402	1	3	2.5	3
3	2,888	2	3+Den	2.5	2+
4	3,120	2	4+Den	3	3-T
5	3,669	2	5+Den	3	3+

* T = tandem; + = workshop area



Cherry Blossom at the Fairways by KB Home

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size*
1	1,557	1	3	2	2
2	1,718	1	3	2	2
3	1,811	1	4	2	2
4	2,278	2	3	2.5	2
5	1,904	2	4	2.5	2

Windsor & Viridian Pointe at the Fairways by DR Horton

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size
2639	2,639	1	4	3	3
2861	2,861	2	5	3	3
3124	3,124	2	5	4	3
2412	2,412	1	3	2	2
2508	2,508	2	4	3	2
2709	2,709	2	3	3.5	2

In order to estimate not-less-than market values for the various floor plans offered within each of the four neighborhoods comprising CFD No. 2016-1, a summary of historical home sales, per square foot, within each subdivision were provided for consideration, which are summarized as follows:

	Floor Plan	Minimum/SF	Maximum/SF	Average/SF	
Woodside	2276	\$161.03	\$179.04	\$167.40	
	2402	\$149.88	\$188.18	\$168.94	
	2888	\$127.08	\$164.30	\$145.35	
	3120	\$121.79	\$158.65	\$141.82	
	3669	\$120.47	\$162.17	\$136.77	
DR Horton	2639	\$139.45	\$162.56	\$151.52	
	<i>Windsor</i>	2861	\$142.96	\$160.43	\$151.73
	3124	\$137.16	\$165.49	\$147.94	
<i>Viridian Pointe</i>	2412	\$143.24	\$164.39	\$150.12	
	2508	\$136.56	\$156.70	\$143.65	
	2709	\$136.77	\$151.35	\$144.89	
KB Home	1557	\$205.52	\$236.99	\$219.18	
	1718	\$177.53	\$206.05	\$192.88	
	1811	\$181.12	\$215.35	\$192.86	
	2278	\$153.64	\$170.98	\$161.90	
	1904	\$171.22	\$182.51	\$177.38	



Discussion of Adjustments

In order to estimate the not-less-than market values for the subjects' floor plans, the comparable transactions were analyzed with regard to categories that affect market value. At a minimum, the appraiser considers the need to make adjustments for the following items:

- Property rights conveyed
- Financing terms
- Conditions of sale (motivation)
- Market conditions
- Location
- Physical features

A paired sales analysis is performed in a meaningful way when the quantity and quality of data are available. Even so, many of the factors require the appraiser's experience and knowledge of the market and information obtained from those knowledgeable and active in the marketplace. An analysis involving each of these factors and the value conclusion for each unit follows.

Upgrades and Incentives

The objective of the analysis is to estimate the base price per floor plan, net of incentives. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs.

Property Rights Conveyed

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. As previously noted, the opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants and restrictions (CC&Rs). The comparables represent fee simple estate transactions; therefore, adjustments are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to consider financing terms that differ from market terms. If the seller provides incentives in the form of paying for closing costs or an interest rate buy down, a discount has been obtained by the buyer for financing terms. This discount price must then be adjusted to a cash equivalent basis. Also, any incentives applicable toward closing costs would have been reflected in the incentives adjustments previously considered. No adjustments were required for this factor.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding



The comparables did not reportedly involve any non-market or atypical conditions of sale. Consideration for this factor does not apply.

Market Conditions (Date of Sale, Phase Adjustment)

The market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a neighborhood, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.

New home pricing has been relatively stable in the subject’s market area during the past year; thus, no adjustments are necessary based on the most recent sales within CFD No. 2016-1.

Location

Location is a very important factor to consider when making comparisons. The comparables need not be in the same neighborhood but should be in neighborhoods that offer the same advantage and have, in general, the same overall desirability to the most probable buyer or user. All the comparables are located within the respective subject subdivisions; thus, no consideration is necessary.

Lot Premiums

Properties sometimes achieve premiums for corner or cul-de-sac positioning, or proximity to open space or views. Adjustments for lot position premiums would be in addition to lot size consideration.

Design and Appeal/Quality of Construction

Design and appeal of a floor plan is consumer specific. One exterior may appeal to one buyer, while another appeal to a different buyer. These types of features for new homes with similar functional utility are not typically noted in the base sales prices. The comparables are similar to the subject in regard to design and appeal.

Construction quality can differ from slightly to substantially between projects and is noted in the exterior and interior materials and design features of a standard unit. In terms of quality of construction, the subject represents good construction quality. All of the comparable sales feature similar construction quality and do not require adjustments.

Age/Condition

All of the comparables represent sales of new homes; therefore, an adjustment for age/condition is not warranted.

Number of Stories

For similar size units, the differences between the number of stories is a buyer preference. Typically, more stories result in additional building area and are accounted for in the size adjustment. All the comparable sales selected are of the same representative floor plan; thus, no consideration is necessary.



Conclusion of Floor Plan Values

As shown at the beginning of this section, the recent and historical sales within the subject subdivisions suggest a market value per square foot between \$120 and \$237 price per square foot, all else being equal.

To restate, a survey of the active subdivisions within the Beaumont market area is presented below:

Project	Community	Developer	Average Price	Avg. Home Size (SF)	Average Price/SF
Abrio	Beaumont	Pardee Homes	\$414,113	2,768	\$149.63
Avia at Olivewood	Beaumont	William Lyon Homes	\$345,400	1,765	\$195.69
Beacon	Beaumont	Pardee Homes	\$483,000	3,325	\$145.26
Cascade	Beaumont	Pardee Homes	\$315,250	1,760	\$179.17
Capella at Olivewood	Beaumont	William Lyon Homes	\$363,900	2,034	\$178.95
Daybreak	Beaumont	Pardee Homes	\$377,988	2,245	\$168.41
Elara	Beaumont	Pardee Homes	\$313,750	1,865	\$168.28
Lugano at Olivewood	Beaumont	William Lyon Homes	\$396,400	2,418	\$163.94
Oak Ridge at The Fairways*	Beaumont	Woodside Homes	\$419,340	2,973	\$141.07
Provence at Olivewood	Beaumont	William Lyon Homes	\$433,400	2,834	\$152.96
Viridian Pointe at The Fairways*	Beaumont	Express Homes (DR Horton)	\$376,490	2,561	\$147.04
Windsor at the Fairways*	Beaumont	D.R. Horton	\$428,740	2,882	\$148.79
			<i>Minimum</i>	1,760	\$141.07
			<i>Maximum</i>	3,325	\$195.69
			<i>Average</i>	2,452	\$161.60

* subject property

Therefore, the not-less-than market value conclusions for the smallest floor plans within each of the projects developed within CFD No. 2016-1 are summarized in the table below.

Floor Plan Conclusions

Cherry Blossom at the Fairways by KB Home

Plan	Living Area (SF)	Market Value / SF	Conclusion of Not-Less-Than Value
1	1,557	\$195	\$300,000

Oak Ridge by Woodside

Plan	Living Area (SF)	Market Value / SF	Conclusion of Not-Less-Than Value
1	2,276	\$162	\$370,000

Windsor & Viridian Pointe at the Fairways by DR Horton

Plan	Living Area (SF)	Market Value / SF	Conclusion of Not-Less-Than Value
W-2639	2,639	\$140	\$370,000
V-2412	2,412	\$144	\$350,000

The estimates of not-less than market value will be assigned to each of the 177 respective completed single-family homes within CFD No. 2016-1 not currently reflecting an assessed improvement value, presented in the Addenda to this Appraisal Report.



Market Valuation – Single-Family Lots

In this section of the Appraisal Report, we will utilize the extraction technique to estimate the market value of the subject's 64 remaining improved lots, including 26 lots with homes under construction. As a check of reasonableness, the sales comparison approach will also be employed. The estimate of value assumes the lots would sell on a bulk, or wholesale, basis. That is, a group of lots would transfer in one transaction to a single buyer.

Extraction Analysis

The extraction (residual) analysis takes into account home prices, direct and indirect construction costs, accrued depreciation and developer's incentive in order to arrive at an estimate of lot value. The elements of the extraction technique are discussed below.

Revenue

As previously noted, the average sale price amongst the subject neighborhoods is \$408,000, which coincides with an average square footage of approximately 2,800 square feet, which we will utilize for this analysis.

Expense Projections

As part of an ongoing effort to assemble market information, the table below reflects surveys responses and developer budget information for numerous single-family residential subdivisions throughout California.

Developer Survey											
Developer Classification	Budget Date	No. of Units	Quality	Avg. Home Size (SF)	Avg. Lot Size (SF)	Direct Cost/SF	Indirect Cost/SF	Indirect % of Direct	G & A % of Rev	Mkt & Sales % of Rev	Profit % of Rev
Regional	2018	60	Average	2,179	4,775	\$69.50	N/Av	N/Av	N/Av	N/Av	N/Av
Regional	2017	18	Average	2,736	8,365	\$72.91	\$10.94	15%	3.0%	1.0%	35.0%
Local	2016	32	Good	2,614	5,937	\$72.46	\$8.79	12%	2.0%	5.1%	8.8%
Local	2016	35	Avg	1,946	3,825	\$70.73	\$12.63	18%	3.0%	3.5%	9.7%
Local	2016	29	Avg	2,273	5,325	\$73.98	\$21.45	29%	2.5%	4.4%	15.6%
Local	2015	35	Avg	1,829	2,000	\$92.28	N/Av	N/Av	1.0%	3.0%	N/Av
Regional	2015	32	Good	2,234	6,709	\$75.95	\$10.36	14%	5.0%	4.0%	11.6%
Regional	2015	31	Avg/G	2,450	5,000	\$64.97	\$4.08	6%	N/Av	4.2%	8.4%
Local	2015	10	Good	2,513	9,547	\$77.90	N/Av	N/Av	N/Av	N/Av	N/Av
Local	2015	8	Avg	2,250	8,358	\$89.25	\$6.01	7%	N/Av	5.4%	18.8%
Local	2014	19	Good	2,891	8,772	\$68.50	\$8.88	13%	N/Av	4.0%	18.0%

Information from the survey above will contribute to the estimate of development expenses classified below.

General and Administrative

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.5% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 3.0% for general and administrative expenses.

Marketing and Sale

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.5%. A figure of 6.0%, or 3.0% for marketing and 3.0% for sales, is estimated in the marketing and sales expense category.



Direct and Indirect Construction Costs

Construction costs are generally classified into direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Direct costs generally are lower per square foot for larger floor plans, all else being equal, due to economies of scale. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle.

Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs.

Recent conversations with homebuilders confirm construction costs have increased over the last 12 months; consequently, based on the cost comparables, and considering the quality of product line constructed and larger typical lot sizes, a direct cost estimate of \$70 per square foot is applied.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees
- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered
- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator
- Interest reserve

Conversations with homebuilders indicate the indirect costs generally range anywhere from 8% to 15% of the direct costs (excluding marketing, sales, general and administrative expenses, taxes, which are accounted for separately). An estimate of 12% is considered reasonable for the subject.

Building Permits and Fees

Based on information from the City of Beaumont (Development Related Fee Schedule), building permits are estimated at \$5,000 per home.

Accrued Depreciation

For new construction on the subject, an allocation for depreciation (physical, functional, or economic) is not applicable.

Developer's Incentive

According to industry sources, developer's incentive (profit) historically has ranged anywhere from 5% to 25%, with a predominate range of 5% to 15%. This is consistent with our survey presented earlier in this section, which ranged from 8.4% to 18.8%. Profit is based on the perceived risk associated with the development. Low profit expectations are typical for projects focused on more affordable product with faster sales rates. Higher profit expectations are common in projects with more risk such as developments where sales rates are slower, project size produces an extended holding period, or the product type is considered weak or untested.



Elements affecting profit include location, supply/demand, anticipated risk, construction time frame and project type. Another element considered in profit expectations is for the development stage of a project. First phases typically generate a lower profit margin due to cautious or conservative pricing, as new subdivisions in competitive areas must become established to generate a fair market share. Additionally, up front development costs on first phases can produce lower profit margins.

Positive attributes of the subject property include:

- Approved entitlements
- Anticipated completion of off-site development (assumed for analysis only)
- Location
- Good transportation linkages
- Steady pricing and steady absorption

There are generally few “negative” attributes associated with the subject property, other than the potential for deterioration in market conditions in the residential sector that would result from a change in macroeconomic factors (e.g., unemployment rates, interest rates, etc.). Based on the preceding discussion and developer surveys, we have concluded an estimate of 10% for developer’s incentive.

Conclusion

The estimates of finished lot value via the extraction analysis are presented below.

Extraction Analysis - 2,800 SF Home		
Revenue		
Average Floor Plan Size	2,800 SF	
Typical Home Price (Total Consideration)		\$408,000
Expense Projections		
G & A Cost @	3.0% of Retail Value	\$12,240
Marketing/Sales @	6.0% of Retail Value	\$24,480
Average Direct Costs @	\$70.00 /SF	\$196,000
Indirect Cost @	12.0% of Direct Cost	\$23,520
Building Permit	\$5,000 per lot	\$5,000
Developer's Incentive	10% of home price	\$40,800
		\$302,040
Residual Lot Value		\$105,960
	Rd.	\$106,000



Sales Comparison Approach

As a supporting indicator of improved lot value for the appraised property, the sales comparison approach will also be employed. This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2013), *“The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time.”* The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining recent sales data for comparison with the subject property. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

Below, we have arrayed comparable sales that have occurred in the Riverside County market area. The summary table is followed by details of each comparable. The basis of analysis is price per lot. The comparable data includes finished and unimproved transactions (with adjustments for remaining site costs to the unimproved transactions).

Comparable Sale Summary								
No.	Location	Buyer	Sale Date	Sale Price	No. of Lots	Price Per Lot	Typical Lot Size	Lot Dev. Status
1	Creekside Subdivision S/O Olive Avenue, N/O Salt Creek Channel Winchester, Riverside County	KB Home Coastal, Inc.	Dec-17	\$6,200,000	112	\$55,357	6,000	Nearly Finished Lots
2	Turtle Ranch SEC Thompson Road and Pourroy Road Winchester, Riverside County	KB Home Coastal, Inc.	Sep-17	\$2,150,000	51	\$42,157	10,000	Unimproved Lots
3	Murrieta 64 Washington Avenue Murrieta, Riverside County	KB Home Coastal, Inc.	Aug-17	\$5,525,000	64	\$86,328	3,200	Unimproved Lots
4	McKenna Pointe Machado Street, S/O Lakeshore Drive Lake Elsinore, Riverside County	Western Pacific Housing, Inc.	Feb-17	\$5,700,000	81	\$70,370	8,500	Blue Top Lots
5	Spencer's Crossing (Tract 32290-1) N/O Baxter Rd., W/O Spencer's Crossing Pky Murrieta, Riverside County	Brookfield Residential	Dec-16	\$6,811,063	82	\$83,062	8,400	Nearly Finished Lots



Bulk Lot Sale Profile

Sale No. 1

Property Identification

Project Name	Creekside
Location	S/O Olive Ave., N/O Salt Creek Channel
APN	461-230-001 thru -004; et al
City	Winchester
County	Riverside

Sale Data

Grantor	Lansing Stone Star, LLC.
Grantee	KB Home Coastal Inc.
Sale Date	12/19/2017
Deed Book Page	2017-0547838
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$6,200,000

Land Data

Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	112
Development Status at Sale	Nearly Finished Lots
Typical Lot Size	6,000 SF

Indicators (per Lot)

Sale Price	\$ 55,357
Costs to Complete (Dev. + Fees)	<u>\$ 58,000</u>
Finished Lot Cost	\$ 113,357

Remarks

This property is the recent sale of 112 nearly finished lots within the Creekside subdivision in Winchester, Riverside County. According to the marketing brochure, the costs to complete the lots is \$58,000, inclusive of \$26,000 in impact fees, which is net of \$26,000 in CFD proceeds.



Bulk Lot Sale Profile

Sale No. 2

Property Identification

Project Name	Turtle Ranch
Location	SEC Thompson Rd. and Pourroy Rd.
APN	964-010-001
City	Winchester
County	Riverside

Sale Data

Grantor	Javin Investments Sp. Z. o.o.
Grantee	KB Home Coastal Inc.
Sale Date	09/01/2017
Deed Book Page	2017-0389569
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$2,150,000

Land Data

Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	51
Development Status at Sale	Unimproved Lots
Typical Lot Size	10,000 SF

Indicators (per Lot)

Sale Price	\$ 42,157
Costs to Complete (Dev. + Fees)	<u>\$ 100,000</u>
Finished Lot Cost	\$ 142,157

Remarks

This property is the September 2017 sale of 51 unimproved lots comprising the proposed Turtle Ranch subdivision in Winchester, Riverside County. According to the marketing brochure, the costs to complete the lots is \$100,000, inclusive of \$35,000 in impact fees, which is net of the Temecula Valley Unified School District CFD proceeds.

Bulk Lot Sale Profile

Sale No. 3

Property Identification

Project Name	Murrieta 64
Location	Washington Ave. at Fullerton Rd.
APN	906-040-096
City	Murrieta
County	Riverside

Sale Data

Grantor	Harding Square LLC
Grantee	KB Home Coastal Inc.
Sale Date	08/29/2017
Deed Book Page	2017-0367247
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$5,525,000

Land Data

Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	64
Development Status at Sale	Unimproved Lots
Typical Lot Size	3,200 SF

Indicators (per Lot)

Sale Price	\$ 86,328
Costs to Complete (Dev. + Fees)	<u>\$ 98,665</u>
Finished Lot Cost	\$ 184,993

Remarks

This property is the 2017 acquisition of 64 unimproved lots in Murrieta, Riverside County, proximate to the 15 freeway. According to a representative of the buyer, the finishing costs are \$98,665 per lot, indicating a finished lot value of \$184,993. The buyer is participating in an Assessment District to finance the completion of certain public improvements of approximately \$25,512 per lot.



Bulk Lot Sale Profile

Sale No. 4

Property Identification

Project Name	McKenna Pointe
Location	Machado St., S/O Lakeshore Dr.
APN	379-150-002, -041, -042, -043, -048 and -050
City	Lake Elsinore
County	Riverside

Sale Data

Grantor	Sam-McKenna LLC
Grantee	Western Pacific Housing, Inc. (d/b/a D.R. Horton, Inc.)
Sale Date	02/09/2017
Deed Book Page	2017-0147979
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$5,700,000

Land Data

Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	81
Development Status at Sale	Blue Top Lots
Typical Lot Size	8,500 SF

Indicators (per Lot)

Sale Price	\$ 70,370
Costs to Complete (Dev. + Fees)	<u>\$ 58,130</u>
Finished Lot Cost	\$ 128,500

Remarks

This property is the 2017 sale of 81 blue top lots in Lake Elsinore, Riverside County. According to a representative of the seller, the finishing costs were \$58,130 per lot, indicating a finished lot value of \$128,500. The lots are now being marketed with homes under the McKenna Pointe subdivision.

Bulk Lot Sale Profile

Sale No. 5

Property Identification

Project Name	Spencer's Crossing (Tract 32290-1)
Location	N/O Baxter Rd., W/O Spencer's Crossing Pky.
APN	480-830-001 through 480-832-013
City	Murrieta
County	Riverside

Sale Data

Grantor	Riverside Mitland 03
Grantee	Brookfield Juniper LLC
Sale Date	12/09/2016
Deed Book Page	N/A
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$6,811,063

Land Data

Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	82
Development Status at Sale	Nearly Finished Lots
Typical Lot Size	8,400 SF

Indicators (per Lot)

Sale Price	\$ 83,062
Costs to Complete (Dev. + Fees)	<u>\$ 9,271</u>
Finished Lot Cost	\$ 92,333

Remarks

This comparable is the December 2016 sale of 82 lots within the Spencer's Crossing master planned community. The buyer, Brookfield Residential, acquired the nearly finished lots and is marketing the Juniper subdivision with homes ranging from 3,212 to 4,091 square feet. This project is located within the Menifee Union School District.



Adjustments and Conclusion

The comparable transactions are adjusted based on the profile of the subject property with regard to categories that affect market value. For certain adjustments such as site development cost, permits and fees and Special Taxes, adjustments are made using actual or estimated (present value) dollar amounts. Other adjustments may be categories as either superior or inferior, with percentage adjustments applied accordingly. If a comparable has an attribute considered superior to that of the subject, it is adjusted downward to negate the effect the item has on the price of the comparable. The opposite is true of categories considered inferior to the subject. The adjustments are made in consideration of paired sales, the appraiser's experience and knowledge and interviews with market participants.

At a minimum, the appraiser considers the need to make adjustments for the following items:

- Expenditures after Sale (i.e. site development costs (if any), permits and fees, bond encumbrance and atypical carrying costs)
- Property rights conveyed
- Financing terms
- Conditions of sale (motivation)
- Market conditions
- Location
- Physical features

A detailed analysis involving the adjustment factors is presented below.

Property Rights Conveyed

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. As previously noted, the opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales were cash to the seller transactions and do not require adjustments.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,



- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding.

No adjustments are warranted.

Market Conditions

Market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a city, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.

Comparables 4 and 5 transferred in February 2017 and December 2016, respectively, and upward adjustments are warranted for improvements in market conditions.

Physical Characteristics

The physical characteristics of a property can impact the selling price. Those that may impact value include the following:

Location/Community Appeal

The subject property is located in the western portion of the city of Beaumont, within the Fairway Canyon master planned community. Overall community appeal is considered above average. As observed by the number of transactions within the past 24 months, south Riverside County is a desirable submarket for single-family residential lots, as many buyers are commuters to both San Diego and Orange County. All of the comparables are located within the south Riverside County market area. Comparables 1 and 2 are located in the community of Winchester (French Valley), within the desirable Temecula Valley Unified School District, which is considered superior to the subject, warranting a downward adjustment. Comparable 5 is also located in the French Valley market area, but not within the Temecula Valley Unified School District; thus, no adjustment is necessary. Comparable 3 is located in the city of Murrieta, proximate to the 215 Freeway, a primary transportation route through the region, which is considered significantly superior to the subject. Thus, a discernible downward adjustment in comparison to the subject property is warranted.

Number of Lots

There are 64 improved lots within CFD No. 2016-1. Generally, there is an inverse relationship between the number of lots and price per lot such that larger projects (with a greater number of lots) achieve a lower price per lot. All of the comparables contain a similar number of lots when compared to the subject; no adjustments are warranted.

Lot Size (Typical)

Adjustments for differences in lot size between the comparables and subject are estimated by applying lot size adjustment factors to difference in lot size. The subject's average lot size is approximately 7,840 square feet. All of the comparables contain larger or smaller lot sizes relative to the subject's lots and are adjusted accordingly.



Lot Premiums/Discounts

The subject and the comparables are anticipated to achieve a similar level of lot premiums (cul-de-sac, corner, inverted corner). None of the comparables benefit from view or significant open space premiums. Adjustments for this factor do not apply.

Zoning and Entitlements

The subject and comparables have entitlements in place for single-family residential development, and adjustments in this category do not apply.

Adjustment Grid

The grid below reflects the adjustments discussed above. It is noted a qualitative, rather than quantitative, analysis is performed.

Bulk Lot Sales Adjustment Grid						
Site Characteristics:	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Lot Price		\$55,357	\$42,157	\$86,328	\$70,370	\$83,062
Remaining Site Development Costs		\$58,000	\$100,000	\$98,665	\$58,130	\$9,271
Finished Lot Price		\$113,357	\$142,157	\$184,993	\$128,500	\$92,333
Elements of Comparison						
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment						
Adjusted Price		\$113,357	\$142,157	\$184,993	\$128,500	\$92,333
Financing Terms	Cash Equiv.	Similar	Similar	Similar	Similar	Similar
Adjustment						
Adjusted Price		\$113,357	\$142,157	\$184,993	\$128,500	\$92,333
Sale Conditions	Market	Market	Market	Market	Market	Market
Adjustment						
Adjusted Price		\$113,357	\$142,157	\$184,993	\$128,500	\$92,333
Market Conditions	Dec-18	Dec-17	Sep-17	Aug-17	Feb-17	Dec-16
Adjustment	(Appraisal)				↑	↑↑
Adjusted Price		\$113,357	\$142,157	\$184,993	\$128,500	\$92,333
Physical Characteristics						
Location/Community Appeal	Beaumont	Winchester	Winchester	Murrieta	Lake Elsinore	Murrieta
Adjustment		↓	↓	↓↓		
Number of Lots	64	112	51	64	81	82
Adjustment						
Lot Size (Typical)	7,840	6,000	10,000	3,200	8,500	8,400
Adjustment	(Avg.)	↑	↓	↑	↓	↓
Lot Premiums/Discounts	Average	Similar	Similar	Similar	Similar	Similar
Adjustment						
Zoning/Entitlements	Approved	Similar	Similar	Similar	Similar	Similar
Adjustment						
Net Adjustment		Similar	Downward	Downward	Similar	Upward
Loaded Lot Values		≈ \$113,357	< \$142,157	< \$184,993	≈ \$128,500	> \$92,333

Conclusion of Value (per lot) – Sales Comparison Approach

The market data set consists of various sales that are considered reasonable indicators of market value for the fee simple interest in the subject property. After accounting for remaining site development costs, the data set reflects an unadjusted range of \$92,333 to \$184,993 per lot.

Based upon the analysis presented, a ranking analysis of the subject and the comparable sales is in the table below:

Bulk Lot Ranking Summary			
Property	Sale Date	\$/ Loaded Lot (Unadjusted)	Net Adjustment
Sale 3	Aug-17	\$184,993	Downward
Sale 2	Sep-17	\$142,157	Downward
Sale 4	Feb-17	\$128,500	Similar
Subject	--	\$115,000	--
Sale 1	Dec-17	\$113,357	Similar
Sale 5	Dec-16	\$92,333	Upward

As shown, the improved lot value indicator for the subject property is estimated to be generally similar to Comparables 1 and 4. An improved lot indicator of **\$115,000** per lot is concluded for the subject property.

Final Conclusion of Improved Lot Value

The sales comparison approach indicated \$115,000 per finished lot, while the extraction technique was \$106,000 per finished lot. Both methods are credible and supported; as such, our conclusion of value is **\$110,000 per finished lot**, in bulk (no further discounting is warranted). The improved lot value will be assigned to each improved lot within CFD No. 2016-1, as well as those lots with homes under construction within the Oak Ridge (Woodside) and Windsor at the Fairways (DR Horton) subdivisions.

Further, as previously noted, Woodside reports an additional \$110,000 in remaining development costs are required for the Oak Ridge subdivision. Thus, for the remaining 38 vacant, improved lots, the above costs will be deducted per lot, or \$2,895 ($\$110,000 \div 38$ lots). Thus, the conclusion of market value per lot for the Woodside component is \$107,105 per lot ($\$110,000 - \$2,895$ per lot).

Final Conclusions of Value, by Component

The preceding analyses provided indications of value for the completed single-family homes (based on a not-less-than market value of the smallest floor plan within each subdivision) and improved single-family lots.

As previously described, the appraised properties comprise 177 completed single-family homes, including one model home, within the boundaries of CFD No. 2016-1; however, of the 177 completed homes, 173 homes were sold to individual homeowners; though, according to the Assessor's Tax Roll provided for this analysis, all are identified as being owned by the respective merchant builder. With respect to the balance of the units in CFD No. 2016-1, 26 represent homes under construction and 38 represent improved lots ready for home construction. As the estimate of market value for the 38 improved lots is based on a bulk value per lot, and the four completed homes, including one model home, could sell within 12 months to individual homeowners, it is our opinion no further discounting to the properties held by the merchant builders is warranted.

Final Conclusion of Value

As a result of our analysis, it is our opinions the cumulative, or aggregate, values of the 241 appraised properties, in accordance with the assumptions and conditions set forth in the attached document (please refer to pages 7 and 58 through 61), as well as the Assessed Values of the 131 completed single-family residences not appraised, as of January 1, 2019, are as follows are:

Final Value Conclusions				
Value Premise	Date of Value	Value per Parcel	No. of Parcels	Aggregate Value
Not-Less-Than Market Value per Home [^]	1/1/2019			
Cherry Blossom at the Fairways (KB Home)		\$300,000	74	\$ 22,200,000
Oak Ridge (Woodside)		\$370,000	42	\$ 15,540,000
Windsor at the Fairways (DR Horton)		\$370,000	25	\$ 9,250,000
Viridian at the Fairways (DR Horton)		\$350,000	36	\$ 12,600,000
Not-Less-Than Market Value - Homes Under Construction	1/1/2019			
Oak Ridge (Woodside)		\$110,000	17	\$ 1,870,000
Windsor at the Fairways (DR Horton)		\$110,000	9	\$ 990,000
Market Value - Finished (vacant) Lots	1/1/2019			
Oak Ridge (Woodside)		\$107,105	38	\$ 4,070,000
Aggregate Value of Appraised Properties	1/1/2019		241	\$ 66,520,000
Aggregate Retail Value of Existing Homes based on Assessed Value (Fiscal Year 2018-19)			131	\$ 50,978,300
Total Aggregate Value of Appraised and Assessed Properties in the District			372	\$ 117,498,300

[^] Based upon the smallest floor plan within each subdivision

The estimates of value above represent a “not-less-than” value due to the fact we were requested to provide a market value of the smallest floor plan (by project) on each single-family residential lot improved with a completed home without a complete assessed improvement value assigned.

The market values estimated herein are based on a **hypothetical condition**. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” It is a hypothetical condition of this Appraisal Report that certain proceeds from the Bonds will be available to reimburse for certain public facilities completed. The estimate of market value accounts for the impact of the Lien of CFD No. 2016-1 for the Special Taxes securing the Bonds.

Any properties within CFD No. 2016-1 not subject to the Lien of the Special Tax securing the Bonds (public and quasi-public land use sites), in addition to those lots/parcels with completed improvements with an assigned assessed value for both land and improvements, are not a part of this Appraisal Report. We were requested to include the assigned assessed value for both land and improvements for the existing single-family homes (that have assessed improvement values) to provide the total aggregate value of the appraised and assessed properties.

Please note the aggregate of the appraised values noted above **is not** the market value of the appraised properties in bulk. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is the “total of multiple market value conclusions.” For purposes of this Appraisal Report, market value is estimated by ownership. The estimates of market value account for the impact of the lien of the Special Taxes securing the Bonds.



The estimates of market value, by ownership, estimated herein specifically assume the appraised properties within the boundaries of CFD No. 2016-1 are not marketed concurrently, which would suggest a market under duress.

Exposure Time

Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure times of a number of sales, as well as current and past economic conditions. Based on a survey of market participants, a transfer of residential land in the region typically occurs within 12 months of exposure. It is estimated the exposure time for the subject property, if appropriately priced, would have been within 12 months of initial exposure.

Marketing Period

Marketing time is an estimate of the time to sell a property interest in real estate at the estimated market value during the period immediately after the effective date of value. A reasonable marketing time is estimated by comparing the recent exposure time of similar properties, and then taking into consideration current and future economic conditions and how they may impact marketing of the subject property.

The marketing time for the subject property is not anticipated to vary significantly from the exposure time. Thus, the marketing time is estimated at 12 months or less.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed appraisal services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Eric Segal, MAI, and Kevin Ziegenmeyer, MAI, have made a personal inspection of the property that is the subject of this report.
12. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
13. As of the date of this report, Kevin Ziegenmeyer, MAI and Eric Segal, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.





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Kevin K. Ziegenmeyer, MAI
Certified General Real Estate Appraiser
California Certificate # AG013567
Telephone: 916-435-3883, ext. 224
Email: kziegenmeyer@irr.com



Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.



8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical

characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates, other participating financial institutions, government or non-government agencies, legal counsel or other transaction participants. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – San Francisco, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. Integra Realty Resources – San Francisco is not a building or environmental inspector. Integra San Francisco does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – San Francisco, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit (and/or their affiliates or subsidiaries, other participating financial institutions, government or non-government agencies, legal counsel or other transaction participants) unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties.



Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).

26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

Addendum A

Appraiser Qualifications

Eric Segal, MAI

Experience

Mr. Segal is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for Richard Seevers and Associates. By 1999, he began writing narrative appraisal reports covering a variety of commercial properties, with an emphasis on residential master planned communities and subdivisions. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, and specializes in the appraisal of Mello-Roos Community Facilities Districts and Assessment Districts for land-secured municipal financings, as well as multifamily developments under the U.S. Department of Housing and Urban Development's Multifamily Accelerated Processing (MAP) Guide. He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities of San Francisco, Monterey, Alameda and San Mateo. He has developed the experience and background necessary to deal with complex assignments covering an array of property types. Eric is currently Managing Director of the Integra-San Francisco office and Senior Managing Director of the Integra-Sacramento office.

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute, January 2016

Licenses

California, Certified General, AG026558, Expires February 2021
Nevada, Certified General, A.0207666-CG, Expires January 2019

Education

Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice
Appraisal Principles
Basic Income Capitalization
Highest & Best Use and Market Analysis
Advanced Income Capitalization
Report Writing and Valuation Analysis
Self-Storage Economics and Appraisal Seminar
Appraisal Litigation Practice and Courtroom Management
Hotel Valuations: New Techniques for today's Uncertain Times
Computer Enhanced Cash Flow Modeling
Advanced Sales Comparison & Cost Approaches
Advanced Applications
Supervisor-Trainee Course for California

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Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Eric A. Segal

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 026558

Effective Date: February 19, 2017
Date Expires: February 18, 2019


Jim Martin, Bureau Chief, BREA

Kevin Ziegenmeyer, MAI

Experience

Mr. Ziegenmeyer is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1989, Mr. Ziegenmeyer began his career in real estate as a controller for a commercial and residential real estate development corporation. In 1991 he began appraising and continued to be involved in appraisal assignments covering a wide variety of properties, including office, retail, industrial, residential income and subdivisions throughout the Central Valley area of California, Northern Nevada, and within the Sacramento Metropolitan Area. Over the past several years, Mr. Ziegenmeyer has handled many of the firm's master-planned property appraisals and has developed expertise in the valuation of Community Facilities Districts and Assessment Districts. In early 2015, Mr. Ziegenmeyer obtained the Appraisal Institute's MAI designation. Kevin is currently Senior Managing Director of the Integra-San Francisco office and Managing Director of the Integra-Sacramento office.

Licenses

California, Certified General Real Estate Appraiser, AG013567, Expires June 2019

Education

Academic:

Bachelor of Science in Accounting, Azusa Pacific University, California

Appraisal and Real Estate Courses:

Standards of Professional Practice, Parts A, B & C
Basic Valuation Procedures
Real Estate Appraisal Principles
Capitalization Theory and Techniques, Part A
Advanced Income Capitalization
Report Writing and Valuation Analysis
Advanced Applications
IRS Valuation Summit I & II
2008, 2009, 2010 & 2011 Economic Forecast
Business Practices and Ethics
Contemporary Appraisal Issues with Small Business Administration Financing
General Demonstration Appraisal Report Writing Seminar
7-Hour National USPAP Update Course
Valuation of Easements and Other Partial Interests
2009 Summer Conference
Uniform Appraisal Standards for Federal Land Acquisitions
2008 Economic Update
Valuation of Conservation Easements
Subdivision Valuation
2005 Annual Fall Conference
General Comprehensive Exam Module I, II, III & IV
Advanced Income Capitalization
Advanced Sales Comparison & Cost Approaches
2004 Central CA Market Update
Computer-Enhanced Cash Flow Modeling
Forecast 2000, 2001, 2002, 2003 & 2004
Land Valuation Assignments

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Kevin Ziegenmeyer, MAI

Education (Cont'd)

Land Valuation Adjustment Procedures
Highest & Best Use and Market Analysis
Entitlements, Land Subdivision & Valuation
Real Estate Value Cycles
El Dorado Hills Housing Symposium
Federal Land Exchanges
M & S Computer Cost-Estimating, Nonresidential

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Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Kevin K. Ziegenmeyer

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 013567

Effective Date: June 5, 2017
Date Expires: June 4, 2019


Jim Martin, Bureau Chief, BREA

3034684

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

Addendum B

Value by Assessor's Parcel

APN	Assessee	Land Value	Structure Value	House No.	Street Name	Street Suffix	Zip Code	Square Footage	Inspection Condition	Total Assessed Value	Appraised Value
413800001	WOODSIDE 05S	\$26,223	\$0						Vacant Lot		\$107,105
413800002	WOODSIDE 05S	\$26,171	\$0						Vacant Lot		\$107,105
413800003	WOODSIDE 05S	\$26,171	\$0						Vacant Lot		\$107,105
413800004	WOODSIDE 05S	\$26,171	\$0						Vacant Lot		\$107,105
413800005	WOODSIDE 05S	\$26,171	\$0						Vacant Lot		\$107,105
413800006	WOODSIDE 05S	\$26,047	\$358,055	355400	SMITH	AVE	92223	4,076	Model Home	\$384,102	
413800007	WOODSIDE 05S	\$26,047	\$308,750	355360	SMITH	AVE	92223	3,370	Model Home	\$334,797	
413800008	WOODSIDE 05S	\$26,047	\$289,750	355300	SMITH	AVE	92223	3,138	Model Home	\$315,797	
413800009	WOODSIDE 05S	\$26,047	\$260,585	355240	SMITH	AVE	92223	2,620	Model Home		\$370,000
413800010	WOODSIDE 05S	\$26,171	\$0	0	SMITH	AVE	92223		Vacant Lot		\$107,105
413800011	WOODSIDE 05S	\$26,171	\$0	0	SMITH	AVE	92223		Vacant Lot		\$107,105
413800012	NELSON	\$71,400	\$343,566	354780	SMITH	AVE	92223	3,108	Completed/Sold	\$414,966	
413800013	HUGHES	\$71,400	\$307,770	354560	SMITH	AVE	92223	2,540	Completed/Sold	\$379,170	
413800014	DEMELLO	\$71,400	\$380,995	354420	SMITH	AVE	92223	3,914	Completed/Sold	\$452,395	
413800015	ARDELEAN	\$71,400	\$380,970	354260	SMITH	AVE	92223	3,370	Completed/Sold	\$452,370	
413800016	COX	\$71,400	\$308,743	354180	SMITH	AVE	92223	2,540	Completed/Sold	\$380,143	
413800017	BALSAMO	\$71,400	\$335,581	354000	SMITH	AVE	92223	3,108	Completed/Sold	\$406,981	
413801001	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413801002	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413801003	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413801004	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413801005	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413801006	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413801007	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413801008	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413801009	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413801010	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413801011	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413810001	LUEBS	\$71,400	\$371,537	353960	SMITH	AVE	92223	3,120	Completed/Sold	\$442,937	
413810002	PATTERSON	\$71,400	\$416,160	353880	SMITH	AVE	92223	3,669	Completed/Sold	\$487,560	
413810003	MORALES	\$71,400	\$373,830	353760	SMITH	AVE	92223	2,402	Completed/Sold	\$445,230	
413810004	MYRDAHL	\$71,400	\$379,123	353680	SMITH	AVE	92223	3,669	Completed/Sold	\$450,523	
413810005	DANIALI	\$55,032	\$268,694	353560	SMITH	AVE	92223	3,120	Completed/Sold	\$323,726	
413810006	CHAMBERLAIN	\$71,400	\$336,600	353480	SMITH	AVE	92223	2,888	Completed/Sold	\$408,000	
413810007	LUEBS	\$71,400	\$332,922	353340	SMITH	AVE	92223	2,402	Completed/Sold	\$404,322	
413810008	RODRIGUEZ	\$71,400	\$393,165	353220	SMITH	AVE	92223	3,120	Completed/Sold	\$464,565	
413810009	WILSEY	\$71,400	\$485,395	353140	SMITH	AVE	92223	3,669	Completed/Sold	\$556,795	
413810010	VANDENBOSSCHE	\$71,400	\$364,467	353000	SMITH	AVE	92223	2,402	Completed/Sold	\$435,867	
413810011	TAYLOR	\$71,400	\$307,978	352880	SMITH	AVE	92223	2,276	Completed/Sold	\$379,378	
413810012	FERGUSON	\$71,400	\$412,581	352640	SMITH	AVE	92223	2,888	Completed/Sold	\$483,981	
413810013	ELLIS	\$71,400	\$316,791	352560	SMITH	AVE	92223	2,402	Completed/Sold	\$388,191	
413811001	MEADER	\$56,100	\$333,134	353990	SMITH	AVE	92223	2,402	Completed/Sold	\$389,234	
413811002	LOARCA	\$56,100	\$317,841	353910	SMITH	AVE	92223	2,888	Completed/Sold	\$373,941	
413811003	HANTCHES	\$56,100	\$320,214	353830	SMITH	AVE	92223	2,276	Completed/Sold	\$376,314	
413811004	RAYA	\$56,100	\$366,679	353710	SMITH	AVE	92223	3,120	Completed/Sold	\$422,779	
413811005	UNDERWOOD	\$56,100	\$335,167	353570	SMITH	AVE	92223	2,402	Completed/Sold	\$391,267	
413811006	GARCIA	\$56,100	\$384,030	353450	SMITH	AVE	92223	3,669	Completed/Sold	\$440,130	
413811007	MOHLER	\$56,100	\$295,591	353310	SMITH	AVE	92223	2,276	Completed/Sold	\$351,691	
413811008	ALDRICH	\$56,100	\$350,880	353190	SMITH	AVE	92223	2,888	Completed/Sold	\$406,980	
413811009	PEREZ	\$56,100	\$331,428	353070	SMITH	AVE	92223	3,120	Completed/Sold	\$387,528	
413811010	MILIAN	\$55,000	\$410,514	352950	SMITH	AVE	92223	3,669	Completed/Sold	\$465,514	
413811011	CARLOS	\$56,100	\$310,753	352750	SMITH	AVE	92223	2,402	Completed/Sold	\$366,853	
413811012	BLACKWELL	\$70,000	\$340,000	352590	SMITH	AVE	92223	3,120	Completed/Sold	\$410,000	
413811013	WOODSIDE 05S	\$59,499	\$0	352600	THORPE TRAIL		92223	3,869	Completed/Sold		\$370,000
413811014	WOODSIDE 05S	\$59,499	\$0	352660	THORPE TRAIL		92223	3,120	Completed/Sold		\$370,000
413811015	WOODSIDE 05S	\$59,499	\$0					2,276	Completed/Sold		\$370,000
413811016	WOODSIDE 05S	\$59,499	\$0	352800	THORPE TRAIL		92223	2,888	Under Construction		\$110,000
413811017	WOODSIDE 05S	\$59,499	\$0	353080	THORPE TRAIL		92223	3,869	Under Construction		\$110,000
413811018	WOODSIDE 05S	\$59,499	\$0	353120	THORPE TRAIL		92223	2,402	Under Construction		\$110,000
413811019	WOODSIDE 05S	\$59,499	\$0	353160	THORPE TRAIL		92223	3,120	Under Construction		\$110,000
413811020	WOODSIDE 05S	\$59,499	\$0	353200	THORPE TRAIL		92223	2,276	Under Construction		\$110,000
413811021	WOODSIDE 05S	\$59,499	\$0	353260	THORPE TRAIL		92223	2,888	Under Construction		\$110,000
413811022	WOODSIDE 05S	\$59,499	\$0						Under Construction		\$110,000
413811023	WOODSIDE 05S	\$59,499	\$0						Under Construction		\$110,000
413811024	WOODSIDE 05S	\$59,499	\$0						Under Construction		\$110,000
413820001	GODOY	\$70,000	\$393,150	352400	SMITH	AVE	92223	3,120	Completed/Sold	\$463,150	
413820002	CLARK	\$70,000	\$476,828	352360	SMITH	AVE	92223	3,669	Completed/Sold	\$546,828	
413820003	GIRTLEY	\$70,000	\$400,000	352280	SMITH	AVE	92223	2,888	Completed/Sold	\$470,000	
413820004	GARCIA	\$55,000	\$389,496	352200	SMITH	AVE	92223	2,402	Completed/Sold	\$424,496	
413820005	HARRIS	\$70,000	\$380,502	352120	SMITH	AVE	92223	3,120	Completed/Sold	\$450,502	
413820006	LINDBERG	\$70,000	\$366,973	352000	SMITH	AVE	92223	2,888	Completed/Sold	\$436,973	
413820007	MILLER	\$70,000	\$417,745	351960	SMITH	AVE	92223	3,669	Completed/Sold	\$487,745	
413820008	TAPIA	\$70,000	\$325,305	351940	SMITH	AVE	92223	2,276	Completed/Sold	\$395,305	
413820009	JOHNSON	\$70,000	\$364,500	351800	SMITH	AVE	92223	2,888	Completed/Sold	\$434,500	
413820010	TRINIDAD	\$70,000	\$431,025	351680	SMITH	AVE	92223	3,669	Completed/Sold	\$501,025	
413820011	WOODSIDE 05S	\$26,171	\$219,100	351600	SMITH	AVE	92223	2,888	Completed/Sold		\$370,000
413820012	WOODSIDE 05S	\$26,171	\$186,500	351560	SMITH	AVE	92223	2,402	Completed/Sold		\$370,000

413820013	WOODSIDE 05S	\$26,171	\$233,900	351500	SMITH	AVE	92223	3,120	Completed/Sold		\$370,000
413820014	WOODSIDE 05S	\$26,171	\$264,400	351590	SMITH	AVE	92223	3,669	Completed/Sold		\$370,000
413820015	WOODSIDE 05S	\$26,171	\$186,500	351630	SMITH	AVE	92223	2,402	Completed/Sold		\$370,000
413820016	WOODSIDE 05S	\$26,171	\$317,400	351750	SMITH	AVE	92223	3,120	Completed/Sold	\$343,571	
413820017	WOODSIDE 05S	\$26,171	\$75,500	114250	LYLE	LN	92223	3,669	Completed/Sold		\$370,000
413820018	WOODSIDE 05S	\$26,171	\$66,800	114290	LYLE	LN	92223	3,120	Completed/Sold		\$370,000
413820019	WOODSIDE 05S	\$26,171	\$53,300	114350	LYLE	LN	92223	2,402	Completed/Sold		\$370,000
413820020	WOODSIDE 05S	\$26,171	\$62,600	114390	LYLE	LN	92223	2,888	Completed/Sold		\$370,000
413820021	WOODSIDE 05S	\$26,171	\$0	114450	LYLE	LN	92223	3,120	Completed/Sold		\$370,000
413820022	WOODSIDE 05S	\$26,171	\$0	114490	LYLE	LN	92223	2,888	Completed/Sold		\$370,000
413820023	WOODSIDE 05S	\$26,171	\$0	114530	LYLE	LN	92223	2,402	Completed/Sold		\$370,000
413821001	MILLER	\$55,000	\$311,364	352510	SMITH	AVE	92223	2,276	Completed/Sold	\$366,364	
413821002	GONZALEZ	\$55,000	\$345,000	352390	SMITH	AVE	92223	2,888	Completed/Sold	\$400,000	
413821003	CAMPOS	\$70,000	\$290,060	352350	SMITH	AVE	92223	2,402	Completed/Sold	\$360,060	
413821004	STILLMUNKS	\$70,000	\$343,890	352230	SMITH	AVE	92223	3,120	Completed/Sold	\$413,890	
413821005	ALLEN	\$55,000	\$445,531	352150	SMITH	AVE	92223	3,669	Completed/Sold	\$500,531	
413821006	RAMIREZ	\$70,000	\$300,406	352090	SMITH	AVE	92223	2,276	Completed/Sold	\$370,406	
413821007	WOODSIDE 05S	\$26,171	\$66,800	114200	LYLE	LN	92223	3,120	Completed/Sold		\$370,000
413821008	WOODSIDE 05S	\$26,171	\$53,300	114260	LYLE	LN	92223	2,402	Completed/Sold		\$370,000
413821009	WOODSIDE 05S	\$26,171	\$66,800	114300	LYLE	LN	92223	3,120	Completed/Sold		\$370,000
413821010	WOODSIDE 05S	\$26,171	\$0	114360	LYLE	LN	92223	2,402	Completed/Sold		\$370,000
413821011	WOODSIDE 05S	\$26,171	\$0	114420	LYLE	LN	92223	3,669	Completed/Sold		\$370,000
413821012	WOODSIDE 05S	\$26,171	\$0	114480	LYLE	LN	92223	2,888	Completed/Sold		\$370,000
413821013	WOODSIDE 05S	\$59,499	\$0	352420	THORPE TRAIL		92223	3,120	Completed/Sold		\$370,000
413821014	WOODSIDE 05S	\$59,499	\$0	352460	THORPE TRAIL		92223	2,888	Completed/Sold		\$370,000
413821015	WOODSIDE 05S	\$59,499	\$0	352500	THORPE TRAIL		92223	3,669	Completed/Sold		\$370,000
413821016	WOODSIDE 05S	\$59,499	\$0	352560	THORPE TRAIL		92223	2,402	Completed/Sold		\$370,000
413830001	WOODSIDE 05S	\$26,171	\$0	114570	LYLE	LN	92223	2,276	Completed/Sold		\$370,000
413830002	WOODSIDE 05S	\$26,171	\$0	114590	LYLE	LN	92223	2,888	Completed/Sold		\$370,000
413830003	WOODSIDE 05S	\$26,171	\$0	114630	LYLE	LN	92223	2,402	Completed/Sold		\$370,000
413830004	WOODSIDE 05S	\$26,171	\$0	114650	LYLE	LN	92223	2,276	Completed/Sold		\$370,000
413830005	WOODSIDE 05S	\$26,171	\$0	114690	LYLE	LN	92223	3,669	Completed/Sold		\$370,000
413830006	WOODSIDE 05S	\$26,171	\$0	114730	LYLE	LN	92223	2,888	Completed/Sold		\$370,000
413830007	WOODSIDE 05S	\$26,171	\$0	114770	LYLE	LN	92223	2,402	Completed/Sold		\$370,000
413831001	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413831002	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413831003	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413831004	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413831005	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413831006	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413831007	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413831008	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413831009	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413831010	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413832001	WOODSIDE 05S	\$59,499	\$0						Under Construction		\$110,000
413832002	WOODSIDE 05S	\$59,499	\$0						Under Construction		\$110,000
413832003	WOODSIDE 05S	\$59,499	\$0						Under Construction		\$110,000
413832004	WOODSIDE 05S	\$59,499	\$0	353230	THORPE TRAIL		92223	3,669	Under Construction		\$110,000
413832005	WOODSIDE 05S	\$59,499	\$0	353190	THORPE TRAIL		92223	2,402	Under Construction		\$110,000
413832006	WOODSIDE 05S	\$59,499	\$0	353150	THORPE TRAIL		92223	2,888	Under Construction		\$110,000
413832007	WOODSIDE 05S	\$59,499	\$0	353090	THORPE TRAIL		92223	2,276	Under Construction		\$110,000
413832008	WOODSIDE 05S	\$59,499	\$0	353010	THORPE TRAIL		92223	3,120	Under Construction		\$110,000
413832009	WOODSIDE 05S	\$59,499	\$0	352810	THORPE TRAIL		92223	2,402	Completed/Sold		\$370,000
413832010	WOODSIDE 05S	\$59,499	\$0	352690	THORPE TRAIL		92223	3,669	Completed/Sold		\$370,000
413832011	WOODSIDE 05S	\$59,499	\$0	352610	THORPE TRAIL		92223	2,276	Completed/Sold		\$370,000
413832012	WOODSIDE 05S	\$59,499	\$0	352550	THORPE TRAIL		92223	3,120	Completed/Sold		\$370,000
413832013	WOODSIDE 05S	\$59,499	\$0	352490	THORPE TRAIL		92223	2,276	Completed/Sold		\$370,000
413832014	WOODSIDE 05S	\$26,171	\$0	114540	LYLE	LN	92223	2,888	Completed/Sold		\$370,000
413832015	WOODSIDE 05S	\$26,171	\$0	114580	LYLE	LN	92223	3,120	Completed/Sold		\$370,000
413832016	WOODSIDE 05S	\$26,171	\$0	114600	LYLE	LN	92223	3,669	Completed/Sold		\$370,000
413832017	WOODSIDE 05S	\$26,171	\$0	114660	LYLE	LN	92223	3,120	Completed/Sold		\$370,000
413832018	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413832019	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413832020	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413832021	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413832022	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413832023	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413832024	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413832025	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413832026	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413832027	WOODSIDE 05S	\$59,499	\$0						Vacant Lot		\$107,105
413840001	KB HOME CALIF	\$36,956	\$15,000	359980	MICHELLE	LN	92223	1,904	Completed/Sold		\$300,000
413840002	KB HOME CALIF	\$36,879	\$15,000	359940	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413840003	KB HOME CALIF	\$36,879	\$15,000	359920	MICHELLE	LN	92223	1,904	Completed/Sold		\$300,000
413840004	KB HOME CALIF	\$36,879	\$15,000	359880	MICHELLE	LN	92223	1,718	Completed/Sold		\$300,000
413840005	KB HOME CALIF	\$36,879	\$15,000	359840	MICHELLE	LN	92223	1,811	Completed/Sold		\$300,000
413840006	KB HOME CALIF	\$36,879	\$15,000	359820	MICHELLE	LN	92223	1,718	Completed/Sold		\$300,000
413840007	KB HOME CALIF	\$36,879	\$15,000	359760	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413840008	KB HOME CALIF	\$36,879	\$15,000	359720	MICHELLE	LN	92223	1,811	Completed/Sold		\$300,000

413840009	KB HOME CALIF	\$36,879	\$0	359680	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413840010	KB HOME CALIF	\$36,879	\$0	359640	MICHELLE	LN	92223	1,811	Completed/Sold		\$300,000
413840011	KB HOME CALIF	\$36,879	\$0	359560	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413840012	KB HOME CALIF	\$36,879	\$163,600	359520	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413840013	KB HOME CALIF	\$36,879	\$65,400	359480	MICHELLE	LN	92223	1,904	Completed/Sold		\$300,000
413840014	KB HOME CALIF	\$36,879	\$209,900	359440	MICHELLE	LN	92223	2,278	Completed/Sold		\$300,000
413840015	KB HOME CALIF	\$36,879	\$0	359420	MICHELLE	LN	92223	1,904	Completed/Sold		\$300,000
413840016	KB HOME CALIF	\$36,879	\$0	359380	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413840017	KB HOME CALIF	\$36,879	\$0	359340	MICHELLE	LN	92223	2,278	Completed/Sold		\$300,000
413840018	KB HOME CALIF	\$36,879	\$0	359320	MICHELLE	LN	92223	1,718	Completed/Sold		\$300,000
413840019	KB HOME CALIF	\$36,879	\$0	359300	MICHELLE	LN	92223	1,904	Completed/Sold		\$300,000
413840020	KB HOME CALIF	\$36,879	\$0	359260	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413840021	KB HOME CALIF	\$36,879	\$0	114270	MICHELLE	LN	92223	1,811	Completed/Sold		\$300,000
413840022	KB HOME CALIF	\$36,879	\$0	114310	MICHELLE	LN	92223	1,718	Completed/Sold		\$300,000
413840023	KB HOME CALIF	\$36,879	\$0	114390	MICHELLE	LN	92223	1,811	Completed/Sold		\$300,000
413840024	KB HOME CALIF	\$36,879	\$0	114450	MICHELLE	LN	92223	2,278	Completed/Sold		\$300,000
413840025	KB HOME CALIF	\$36,879	\$0	114480	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413840026	KB HOME CALIF	\$36,879	\$0	114400	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413840027	KB HOME CALIF	\$36,879	\$0	114360	MICHELLE	LN	92223	1,811	Completed/Sold		\$300,000
413840028	KB HOME CALIF	\$36,879	\$0	114300	MICHELLE	LN	92223	1,718	Completed/Sold		\$300,000
413840029	KB HOME CALIF	\$36,879	\$0	114220	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413840030	KB HOME CALIF	\$36,879	\$15,000	114350	TREVOR	WAY	92223	2,278	Completed/Sold		\$300,000
413840031	KB HOME CALIF	\$36,879	\$0	114390	TREVOR	WAY	92223	1,557	Completed/Sold		\$300,000
413840032	KB HOME CALIF	\$36,879	\$0	114410	TREVOR	WAY	92223	1,904	Completed/Sold		\$300,000
413840033	KB HOME CALIF	\$36,879	\$0	114450	TREVOR	WAY	92223	1,557	Completed/Sold		\$300,000
413840034	KB HOME CALIF	\$36,879	\$0	114490	TREVOR	WAY	92223	1,557	Completed/Sold		\$300,000
413840035	KB HOME CALIF	\$36,879	\$88,400	114550	TREVOR	WAY	92223	2,278	Completed/Sold		\$300,000
413840036	KB HOME CALIF	\$36,879	\$0	114590	TREVOR	WAY	92223	1,904	Completed/Sold		\$300,000
413840037	KB HOME CALIF	\$36,879	\$0	359500	DYLAN	CT	92223	1,557	Completed/Sold		\$300,000
413840038	KB HOME CALIF	\$36,879	\$0	359450	DYLAN	CT	92223	1,804	Completed/Sold		\$300,000
413840039	KB HOME CALIF	\$36,879	\$176,605	359410	DYLAN	CT	92223	1,811	Completed/Sold		\$300,000
413840040	KB HOME CALIF	\$36,879	\$209,855	359390	DYLAN	CT	92223	1,904	Completed/Sold		\$300,000
413840041	KB HOME CALIF	\$36,879	\$0	359350	DYLAN	CT	92223	1,557	Completed/Sold		\$300,000
413841001	KB HOME CALIF	\$36,879	\$0	114600	TREVOR	WAY	92223	1,557	Completed/Sold		\$300,000
413841002	KB HOME CALIF	\$36,879	\$0	114560	TREVOR	WAY	92223	1,718	Completed/Sold		\$300,000
413841003	KB HOME CALIF	\$36,879	\$0	114500	TREVOR	WAY	92223	1,557	Completed/Sold		\$300,000
413841004	KB HOME CALIF	\$36,879	\$0	114480	TREVOR	WAY	92223	1,718	Completed/Sold		\$300,000
413841005	KB HOME CALIF	\$36,879	\$0	114440	TREVOR	WAY	92223	1,811	Completed/Sold		\$300,000
413841006	KB HOME CALIF	\$36,879	\$0	114400	TREVOR	WAY	92223	1,557	Completed/Sold		\$300,000
413841007	KB HOME CALIF	\$36,879	\$65,400	359430	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413841008	CORTES	\$50,000	\$286,612	359510	MICHELLE	LN	92223	1,718	Completed/Sold	\$336,612	
413841009	KB HOME CALIF	\$36,879	\$65,400	359550	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413841010	KB HOME CALIF	\$36,879	\$176,600	359630	MICHELLE	LN	92223	1,557	Completed/Sold		\$300,000
413841011	CAPIES	\$50,000	\$289,990	114410	WIE	CT	92223	1,904	Completed/Sold	\$339,990	
413841012	STIRDIVANT	\$50,000	\$300,260	114470	WIE	CT	92223	1,811	Completed/Sold	\$350,260	
413841013	ALON	\$50,000	\$280,000	114550	WIE	CT	92223	1,557	Completed/Sold	\$330,000	
413841014	DAVIS	\$50,000	\$300,171	114610	WIE	CT	92223	1,718	Completed/Sold	\$350,171	
413841015	KB HOME CALIF	\$36,879	\$178,400	114690	WIE	CT	92223	1,718	Completed/Sold		\$300,000
413841016	AGRAMONTE	\$36,529	\$224,395	114750	WIE	CT	92223	1,557	Completed/Sold		\$300,000
413841017	KB HOME CALIF	\$36,879	\$15,000	114760	WIE	CT	92223	2,278	Completed/Sold		\$300,000
413841018	KB HOME CALIF	\$36,879	\$15,000	114700	WIE	CT	92223	1,557	Completed/Sold		\$300,000
413841019	KB HOME CALIF	\$36,879	\$15,000	114620	WIE	CT	92223	1,811	Completed/Sold		\$300,000
413841020	SABA	\$50,000	\$302,793	114540	WIE	CT	92223	1,557	Completed/Sold	\$352,793	
413841021	KB HOME CALIF	\$36,879	\$15,000	359790	MICHELLE	LN	92223	1,718	Completed/Sold		\$300,000
413841022	KB HOME CALIF	\$36,879	\$15,000	359830	MICHELLE	LN	92223	2,278	Completed/Sold		\$300,000
413841023	KB HOME CALIF	\$36,879	\$15,000	359870	MICHELLE	LN	92223	1,904	Completed/Sold		\$300,000
413841024	KB HOME CALIF	\$36,879	\$163,600	359930	MICHELLE	LN	92223	1,718	Completed/Sold		\$300,000
413841025	KB HOME CALIF	\$36,879	\$220,900	359950	MICHELLE	LN	92223	2,278	Completed/Sold		\$300,000
413850001	KB HOME CALIF	\$36,879	\$0						Completed/Sold		\$300,000
413850002	KB HOME CALIF	\$36,879	\$0						Completed/Sold		\$300,000
413850003	KB HOME CALIF	\$36,879	\$0						Completed/Sold		\$300,000
413850004	KB HOME CALIF	\$36,879	\$220,900	113770	LEXI	LN	92223	2,278	Completed/Sold		\$300,000
413850005	KB HOME CALIF	\$36,879	\$188,700	113730	LEXI	LN	92223	1,904	Completed/Sold		\$300,000
413850006	RUBIO	\$50,000	\$316,551	113690	LEXI	LN	92223	2,278	Completed/Sold	\$366,551	
413850007	CHHU	\$50,000	\$287,990	113650	LEXI	LN	92223	1,904	Completed/Sold	\$337,990	
413850008	MENDOZA	\$50,000	\$281,986	113610	LEXI	LN	92223	1,811	Completed/Sold	\$331,986	
413850009	HALL	\$50,000	\$284,000	113570	LEXI	LN	92223	1,718	Completed/Sold	\$334,000	
413850010	KB HOME CALIF	\$36,879	\$188,700	113530	LEXI	LN	92223	1,904	Completed/Sold		\$300,000
413850011	KB HOME CALIF	\$36,879	\$220,900	113490	LEXI	LN	92223	2,278	Completed/Sold		\$300,000
413850012	LEARN	\$50,000	\$304,407	113450	LEXI	LN	92223	1,811	Completed/Sold	\$354,407	
413850013	ESPIRITU	\$50,000	\$275,000	113430	LEXI	LN	92223	1,718	Completed/Sold	\$325,000	
413850014	STAGALL	\$50,000	\$318,807	113480	LEXI	LN	92223	1,557	Completed/Sold	\$368,807	
413850015	KB HOME CALIF	\$36,879	\$209,900	113500	LEXI	LN	92223	2,278	Completed/Sold		\$300,000
413850016	REED	\$50,000	\$278,830	113620	LEXI	LN	92223	1,557	Completed/Sold	\$328,830	
413850017	IBARRA	\$50,000	\$304,000	113640	LEXI	LN	92223	1,811	Completed/Sold	\$354,000	
413850018	PENA	\$12,038	\$58,714	359360	WALKER	CT	92223	1,557	Completed/Sold		\$300,000
413850019	ROBERTSON	\$50,000	\$333,395	359420	WALKER	CT	92223	2,278	Completed/Sold	\$383,395	
413850020	MORADA	\$50,000	\$315,800	359490	WALKER	CT	92223	1,557	Completed/Sold	\$365,800	
413850021	COVARRUBIAS	\$51,000	\$283,560	359430	WALKER	CT	92223	1,811	Completed/Sold	\$334,560	

413850022	LEWIS	\$50,000	\$330,160	359410	WALKER	CT	92223	2,278	Completed/Sold	\$380,160	
413850023	AGUIRRE	\$50,000	\$297,195	359370	WALKER	CT	92223	1,904	Completed/Sold	\$347,195	
413850024	KB HOME CALIF	\$36,879	\$0	359400	DYLAN	CT	92223	1,557	Completed/Sold		\$300,000
413850025	KB HOME CALIF	\$36,879	\$0	359420	DYLAN	CT	92223	1,904	Completed/Sold		\$300,000
413850026	KB HOME CALIF	\$36,879	\$0	359440	DYLAN	CT	92223	1,811	Completed/Sold		\$300,000
413850027	KB HOME CALIF	\$36,879	\$0	359460	DYLAN	CT	92223	1,811	Completed/Sold		\$300,000
413850028	KB HOME CALIF	\$36,879	\$0	359480	DYLAN	CT	92223	1,718	Completed/Sold		\$300,000
413871001	WESTERN PACIFIC HOU	\$62,651	\$0	353650	MICKELSON	DR	92223	2,412	Completed/Sold		\$350,000
413871002	WESTERN PACIFIC HOU	\$62,651	\$0	353630	MICKELSON	DR	92223	2,709	Completed/Sold		\$350,000
413871003	WESTERN PACIFIC HOU	\$62,651	\$0	353610	MICKELSON	DR	92223	2,508	Completed/Sold		\$350,000
413871004	WESTERN PACIFIC HOU	\$62,651	\$0	353570	MICKELSON	DR	92223	2,709	Completed/Sold		\$350,000
413871005	WESTERN PACIFIC HOU	\$62,651	\$0	353530	MICKELSON	DR	92223	2,508	Completed/Sold		\$350,000
413871006	WESTERN PACIFIC HOU	\$62,651	\$0	353490	MICKELSON	DR	92223	2,412	Completed/Sold		\$350,000
413871007	WESTERN PACIFIC HOU	\$62,651	\$0	353450	MICKELSON	DR	92223	2,709	Completed/Sold		\$350,000
413871008	WESTERN PACIFIC HOU	\$62,651	\$0	353410	MICKELSON	DR	92223	2,412	Completed/Sold		\$350,000
413871009	WESTERN PACIFIC HOU	\$62,651	\$0	353220	STEWART	ST	92223	2,639	Under Construction		\$110,000
413871010	WESTERN PACIFIC HOU	\$62,651	\$0	353260	STEWART	ST	92223	2,861	Under Construction		\$110,000
413871011	WESTERN PACIFIC HOU	\$62,651	\$0	353300	STEWART	ST	92223	3,124	Under Construction		\$110,000
413871012	WESTERN PACIFIC HOU	\$62,651	\$0	353340	STEWART	ST	92223	2,861	Under Construction		\$110,000
413871013	WESTERN PACIFIC HOU	\$62,651	\$0	353380	STEWART	ST	92223	2,639	Under Construction		\$110,000
413871014	WESTERN PACIFIC HOU	\$62,651	\$0	353390	STEWART	ST	92223	2,639	Under Construction		\$110,000
413871015	WESTERN PACIFIC HOU	\$62,651	\$0	353370	STEWART	ST	92223	3,124	Under Construction		\$110,000
413871016	WESTERN PACIFIC HOU	\$62,651	\$0	353350	STEWART	ST	92223	3,124	Under Construction		\$110,000
413871017	WESTERN PACIFIC HOU	\$62,651	\$0	353330	STEWART	ST	92223	2,639	Under Construction		\$110,000
413871018	WESTERN PACIFIC HOU	\$62,651	\$320,100	359290	STEWART	ST	92223	3,124	Model Home	\$382,751	
413871019	WESTERN PACIFIC HOU	\$62,651	\$299,700	359250	STEWART	ST	92223	3,137	Model Home	\$362,351	
413871020	WESTERN PACIFIC HOU	\$62,651	\$266,800	353210	STEWART	ST	92223	2,709	Model Home	\$329,451	
413871021	WESTERN PACIFIC HOU	\$62,651	\$0	353170	STEWART	ST	92223	2,508	Completed/Sold		\$350,000
413871022	PACBLE	\$60,000	\$300,500	353130	STEWART	ST	92223	2,412	Completed/Sold	\$360,500	
413871023	NUNEZ	\$60,000	\$309,990	353070	STEWART	ST	92223	2,508	Completed/Sold	\$369,990	
413871024	RAMIREZ	\$60,000	\$340,600	353030	STEWART	ST	92223	2,709	Completed/Sold	\$400,600	
413871025	RAVELO	\$60,000	\$304,990	352690	STEWART	ST	92223	2,412	Completed/Sold	\$364,990	
413871026	HIGGINS	\$60,000	\$308,990	352490	STEWART	ST	92223	2,508	Completed/Sold	\$368,990	
413871027	TOLENTINO	\$60,000	\$403,000	352350	STEWART	ST	92223	3,124	Completed/Sold	\$463,000	
413872001	CARDENAZ	\$55,000	\$306,500	352500	STEWART	ST	92223	2,412	Completed/Sold	\$361,500	
413872002	LOPEZ	\$55,000	\$338,000	352620	STEWART	ST	92223	2,508	Completed/Sold	\$393,000	
413872003	LAPLANTE	\$55,000	\$318,485	353000	STEWART	ST	92223	2,412	Completed/Sold	\$373,485	
413872004	BAUTISTA	\$55,000	\$342,965	353040	STEWART	ST	92223	2,709	Completed/Sold	\$397,965	
413872005	BREITEN	\$55,000	\$358,400	353080	STEWART	ST	92223	2,709	Completed/Sold	\$413,400	
413872006	ROCHA	\$55,000	\$303,990	353120	STEWART	ST	92223	2,412	Completed/Sold	\$358,990	
413872007	WESTERN PACIFIC HOU	\$62,651	\$0	353140	STEWART	ST	92223	2,508	Completed/Sold		\$350,000
413872008	WESTERN PACIFIC HOU	\$62,651	\$0	353180	STEWART	ST	92223	2,412	Completed/Sold		\$350,000
413881001	BERG	\$55,000	\$368,500	352250	STEWART	ST	92223	2,639	Completed/Sold	\$423,500	
413881002	WHITE	\$55,000	\$404,000	352210	STEWART	ST	92223	2,861	Completed/Sold	\$459,000	
413881003	QUAYLE	\$55,000	\$391,500	352150	STEWART	ST	92223	2,861	Completed/Sold	\$446,500	
413881004	WESTERN PACIFIC HOU	\$62,651	\$289,000	352110	STEWART	ST	92223	2,639	Completed/Sold	\$351,651	
413881005	LYONS	\$55,000	\$418,145	352030	STEWART	ST	92223	3,424	Completed/Sold	\$473,145	
413881006	SAYLOR	\$55,000	\$414,840	352000	STEWART	ST	92223	3,424	Completed/Sold	\$469,840	
413881007	WESTERN PACIFIC HOU	\$62,651	\$289,000	352100	STEWART	ST	92223	2,639	Completed/Sold	\$351,651	
413881008	SANCHEZ	\$55,000	\$309,395	115050	AARON	AVE	92223	2,412	Completed/Sold	\$364,395	
413881009	GARCIA	\$55,000	\$346,875	114990	AARON	AVE	92223	2,709	Completed/Sold	\$401,875	
413881010	WESTERN PACIFIC HOU	\$62,651	\$249,600	114950	AARON	AVE	92223	2,412	Completed/Sold	\$312,251	
413881011	LAFORTEZA	\$55,000	\$310,200	114870	AARON	AVE	92223	2,508	Completed/Sold	\$365,200	
413881012	WESTERN PACIFIC HOU	\$62,651	\$315,200	114830	AARON	AVE	92223	2,861	Completed/Sold	\$377,851	
413881013	SCHWARTZ	\$55,000	\$348,935	114790	AARON	AVE	92223	2,639	Completed/Sold	\$403,935	
413881014	BREWER	\$55,000	\$389,310	114750	AARON	AVE	92223	3,124	Completed/Sold	\$444,310	
413881015	WESTERN PACIFIC HOU	\$62,651	\$289,000	114710	AARON	AVE	92223	2,639	Completed/Sold	\$351,651	
413881016	WESTERN PACIFIC HOU	\$62,651	\$315,200	114670	AARON	AVE	92223	2,861	Completed/Sold	\$377,851	
413881017	WESTERN PACIFIC HOU	\$62,651	\$337,000	114630	AARON	AVE	92223	3,124	Completed/Sold	\$399,651	
413881018	WESTERN PACIFIC HOU	\$62,651	\$249,600	114590	AARON	AVE	92223	2,412	Completed/Sold	\$312,251	
413881019	WESTERN PACIFIC HOU	\$62,651	\$259,100	114570	AARON	AVE	92223	2,508	Completed/Sold	\$321,751	
413881020	WESTERN PACIFIC HOU	\$62,651	\$280,800	114570	AARON	AVE	92223	2,709	Completed/Sold	\$343,451	
413881021	WESTERN PACIFIC HOU	\$62,651	\$280,800	114510	AARON	AVE	92223	2,709	Completed/Sold	\$343,451	
413881022	WESTERN PACIFIC HOU	\$62,651	\$259,100	114470	AARON	AVE	92223	2,508	Completed/Sold	\$321,751	
413881023	WESTERN PACIFIC HOU	\$62,651	\$168,500	114450	AARON	AVE	92223	2,709	Completed/Sold		\$350,000
413882001	WESTERN PACIFIC HOU	\$62,651	\$99,800	114460	AARON	AVE	92223	2,412	Completed/Sold		\$350,000
413882002	WESTERN PACIFIC HOU	\$62,651	\$259,100	114500	AARON	AVE	92223	2,508	Completed/Sold	\$321,751	
413882003	LEWIS	\$60,000	\$336,375	114540	AARON	AVE	92223	2,709	Completed/Sold	\$396,375	
413882004	WESTERN PACIFIC HOU	\$62,651	\$249,600	114580	AARON	AVE	92223	2,412	Completed/Sold	\$312,251	
413882005	COSTA	\$7,361	\$41,718	114620	AARON	AVE	92223	2,709	Completed/Sold		\$350,000
413882006	WESTERN PACIFIC HOU	\$62,651	\$289,000	114640	AARON	AVE	92223	2,639	Completed/Sold	\$351,651	
413882007	DAWAL	\$60,000	\$389,745	114680	AARON	AVE	92223	3,124	Completed/Sold	\$449,745	
413882008	PETKUE	\$60,000	\$393,905	114720	AARON	AVE	92223	2,861	Completed/Sold	\$453,905	
413882009	MASONGO	\$60,000	\$390,525	114760	AARON	AVE	92223	3,124	Completed/Sold	\$450,525	
413882010	WESTERN PACIFIC HOU	\$62,651	\$289,000	114800	AARON	AVE	92223	2,639	Completed/Sold	\$351,651	
413882011	WESTERN PACIFIC HOU	\$62,651	\$249,600	114840	AARON	AVE	92223	2,412	Completed/Sold	\$312,251	
413882012	WESTERN PACIFIC HOU	\$62,651	\$259,100	114900	AARON	AVE	92223	2,508	Completed/Sold	\$321,751	
413882013	VILDOSOLA	\$60,000	\$310,560	114960	AARON	AVE	92223	2,508	Completed/Sold	\$370,560	
413882014	BROOKS	\$60,000	\$333,960	115000	AARON	AVE	92223	2,709	Completed/Sold	\$393,960	

413882015	WESTERN PACIFIC HOU	\$62,651	\$249,600	115060	AARON	AVE	92223	2,412	Completed/Sold	\$312,251	
413882016	WESTERN PACIFIC HOU	\$62,651	\$249,600	115100	AARON	AVE	92223	2,412	Completed/Sold	\$312,251	
413883001	GERHARD	\$55,000	\$399,000	352300	STEWART	ST	92223	3,424	Completed/Sold	\$454,000	
413883002	WESTERN PACIFIC HOU	\$62,651	\$289,000	352360	STEWART	ST	92223	2,639	Completed/Sold	\$351,651	
413891001	WESTERN PACIFIC HOU	\$62,651	\$155,500	114290	AARON	AVE	92223	2,508	Completed/Sold		\$350,000
413891002	WESTERN PACIFIC HOU	\$62,651	\$289,000	350050	LANGER COVE		92223	2,639	Completed/Sold	\$351,651	
413891003	WESTERN PACIFIC HOU	\$62,651	\$289,000	350010	LANGER COVE		92223	2,639	Completed/Sold	\$351,651	
413891004	WESTERN PACIFIC HOU	\$62,651	\$315,200	349950	LANGER COVE		92223	2,861	Completed/Sold	\$377,851	
413891005	WESTERN PACIFIC HOU	\$62,651	\$289,000	349980	LANGER COVE		92223	2,639	Completed/Sold	\$351,651	
413891006	ROLSTON	\$55,000	\$414,610	350020	LANGER COVE		92223	3,124	Completed/Sold	\$469,610	
413891007	WESTERN PACIFIC HOU	\$62,651	\$289,000	113910	AARON	AVE	92223	2,639	Completed/Sold	\$351,651	
413891008	WESTERN PACIFIC HOU	\$62,651	\$315,200	113850	AARON	AVE	92223	2,861	Completed/Sold	\$377,851	
413891009	WESTERN PACIFIC HOU	\$62,651	\$25,000	113740	BREWER	DR	92223	2,412	Completed/Sold		\$350,000
413891010	WESTERN PACIFIC HOU	\$62,651	\$28,100	113820	BREWER	DR	92223	2,709	Completed/Sold		\$350,000
413891011	WESTERN PACIFIC HOU	\$62,651	\$0	113860	BREWER	DR	92223	2,508	Completed/Sold		\$350,000
413891012	WESTERN PACIFIC HOU	\$62,651	\$0	113900	BREWER	DR	92223	2,412	Completed/Sold		\$350,000
413891013	WESTERN PACIFIC HOU	\$62,651	\$0	113940	BREWER	DR	92223	2,508	Completed/Sold		\$350,000
413891014	WESTERN PACIFIC HOU	\$62,651	\$0	113960	BREWER	DR	92223	2,709	Completed/Sold		\$350,000
413892001	WESTERN PACIFIC HOU	\$62,651	\$0	349450	ROBERTS	PL	92223	2,639	Completed/Sold	\$370,000	
413892002	WESTERN PACIFIC HOU	\$62,651	\$0	349410	ROBERTS	PL	92223	2,861	Completed/Sold	\$370,000	
413892003	WESTERN PACIFIC HOU	\$62,651	\$0	349390	ROBERTS	PL	92223	3,124	Completed/Sold	\$370,000	
413892004	WESTERN PACIFIC HOU	\$62,651	\$0	349350	ROBERTS	PL	92223	2,639	Completed/Sold	\$370,000	
413892005	WESTERN PACIFIC HOU	\$62,651	\$0	349290	ROBERTS	PL	92223	2,861	Completed/Sold	\$370,000	
413892006	WESTERN PACIFIC HOU	\$62,651	\$0	349210	ROBERTS	PL	92223	3,124	Completed/Sold	\$370,000	
413892007	WESTERN PACIFIC HOU	\$62,651	\$0	349090	ROBERTS	PL	92223	2,639	Completed/Sold	\$370,000	
413892008	WESTERN PACIFIC HOU	\$62,651	\$0	349000	ROBERTS	PL	92223	3,124	Completed/Sold	\$370,000	
413892009	WESTERN PACIFIC HOU	\$62,651	\$0	349200	ROBERTS	PL	92223	3,124	Completed/Sold	\$370,000	
413892010	WESTERN PACIFIC HOU	\$62,651	\$0	349280	ROBERTS	PL	92223	2,639	Completed/Sold	\$370,000	
413892011	WESTERN PACIFIC HOU	\$62,651	\$0	349320	ROBERTS	PL	92223	2,639	Completed/Sold	\$370,000	
413892012	WESTERN PACIFIC HOU	\$62,651	\$0	349360	ROBERTS	PL	92223	3,124	Completed/Sold	\$370,000	
413892013	WESTERN PACIFIC HOU	\$62,651	\$0	349420	ROBERTS	PL	92223	2,861	Completed/Sold	\$370,000	
413892014	WESTERN PACIFIC HOU	\$62,651	\$0	349440	ROBERTS	PL	92223	2,861	Completed/Sold	\$370,000	
413892015	WESTERN PACIFIC HOU	\$62,651	\$0	349480	ROBERTS	PL	92223	2,639	Completed/Sold	\$370,000	
413892016	WESTERN PACIFIC HOU	\$62,651	\$173,400	349890	KEISER	CT	92223	2,639	Completed/Sold	\$370,000	
413892017	WESTERN PACIFIC HOU	\$62,651	\$189,100	349870	KEISER	CT	92223	2,861	Completed/Sold	\$370,000	
413892018	WESTERN PACIFIC HOU	\$62,651	\$202,200	349850	KEISER	CT	92223	3,124	Completed/Sold	\$370,000	
413892019	WESTERN PACIFIC HOU	\$62,651	\$173,400	349810	KEISER	CT	92223	2,639	Completed/Sold	\$370,000	
413892020	WESTERN PACIFIC HOU	\$62,651	\$189,100	349730	KEISER	CT	92223	2,861	Completed/Sold	\$370,000	
413892021	WESTERN PACIFIC HOU	\$62,651	\$202,200	349760	KEISER	CT	92223	3,124	Completed/Sold	\$370,000	
413892022	WESTERN PACIFIC HOU	\$62,651	\$189,100	349800	KEISER	CT	92223	2,861	Completed/Sold	\$370,000	
413892023	WESTERN PACIFIC HOU	\$62,651	\$173,400	349820	KEISER	CT	92223	2,639	Completed/Sold	\$370,000	
413892024	WESTERN PACIFIC HOU	\$62,651	\$202,200	349860	KEISER	CT	92223	3,124	Completed/Sold	\$370,000	
413892025	WESTERN PACIFIC HOU	\$62,651	\$173,400	349880	KEISER	CT	92223	2,639	Completed/Sold	\$370,000	
413892026	WESTERN PACIFIC HOU	\$62,651	\$0	113850	BREWER	DR	92223	2,412	Completed/Sold		\$350,000
413892027	WESTERN PACIFIC HOU	\$62,651	\$0	113810	BREWER	DR	92223	2,508	Completed/Sold		\$350,000
413892028	WESTERN PACIFIC HOU	\$62,651	\$28,100	113750	BREWER	DR	92223	2,709	Completed/Sold		\$350,000
413892029	WESTERN PACIFIC HOU	\$62,651	\$25,000	113710	BREWER	DR	92223	2,412	Completed/Sold		\$350,000
413892030	WESTERN PACIFIC HOU	\$62,651	\$25,000	113650	AARON	AVE	92223	2,412	Completed/Sold		\$350,000
413893001	WESTERN PACIFIC HOU	\$62,651	\$25,000	113640	AARON	AVE	92223	2,412	Completed/Sold		\$350,000
413893002	WESTERN PACIFIC HOU	\$62,651	\$25,900	113680	AARON	AVE	92223	2,508	Completed/Sold		\$350,000
413893003	WESTERN PACIFIC HOU	\$62,651	\$28,100	113720	AARON	AVE	92223	2,709	Completed/Sold		\$350,000
413893004	WESTERN PACIFIC HOU	\$62,651	\$25,900	113760	AARON	AVE	92223	2,508	Completed/Sold		\$350,000
413893005	WESTERN PACIFIC HOU	\$62,651	\$28,100	113800	AARON	AVE	92223	2,709	Completed/Sold		\$350,000
413893006	WESTERN PACIFIC HOU	\$62,651	\$25,000	113840	AARON	AVE	92223	2,412	Completed/Sold		\$350,000
413893007	WESTERN PACIFIC HOU	\$62,651	\$112,300	113880	AARON	AVE	92223	2,709	Completed/Sold		\$350,000
413893008	WESTERN PACIFIC HOU	\$62,651	\$99,800	113920	AARON	AVE	92223	2,412	Completed/Sold		\$350,000
413893009	WESTERN PACIFIC HOU	\$62,651	\$103,600	113980	AARON	AVE	92223	2,508	Completed/Sold		\$350,000
413893010	WESTERN PACIFIC HOU	\$62,721	\$112,300	114200	AARON	AVE	92223	2,709	Completed/Sold		\$350,000
									Aggregate Value	\$50,978,300	\$66,520,000

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2019

NEW ISSUE—BOOK-ENTRY-ONLY

NO RATING

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, subject to certain qualifications described in the Official Statement, under existing statutes, regulations, rules and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in the Official Statement, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, such interest is exempt from State of California personal income taxes. See "TAX MATTERS" herein.

\$8,635,000*

**CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(FAIRWAY CANYON)
2019 SPECIAL TAX BONDS**

Dated: Delivery Date

Due: September 1, as shown on the inside cover page

This Official Statement describes bonds that are being issued by the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) (the "District"). The City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) 2019 Special Tax Bonds (the "Bonds") are being issued by the District to: (a) pay the cost and expense of the acquisition and construction of certain public facilities in connection with the development of the District; (b) fund a reserve account securing the Bonds; and (c) pay costs of issuance of the Bonds.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California), and pursuant to a resolution adopted by the City Council of the City of Beaumont (the "City"), acting as the legislative body of the District, and a Bond Indenture, dated as of March 1, 2019 (the "Indenture"), by and between the District and Wilmington Trust, National Association, as trustee (the "Trustee").

The Bonds are limited obligations of the District and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on and collected from the owners of parcels within the District subject to the Special Taxes and from certain other funds pledged under the Indenture, all as further described herein. The Special Taxes are to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within the District. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes." The City Council of the City is the legislative body of the District.

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds may be made in principal amounts of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing September 1, 2019. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS—General Provisions" and APPENDIX F—"BOOK-ENTRY ONLY SYSTEM" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES TO BE LEVIED IN THE DISTRICT AND CERTAIN OTHER AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The Bonds are subject to redemption prior to maturity as set forth herein. See "THE BONDS—Redemption" herein.

THE BONDS ARE NOT RATED BY ANY RATING AGENCY, AND INVESTMENT IN THE BONDS INVOLVES SIGNIFICANT RISKS THAT ARE NOT APPROPRIATE FOR CERTAIN INVESTORS. CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "SPECIAL RISK FACTORS" FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**MATURITY SCHEDULE
(See Inside Cover Page)**

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and subject to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California is serving as Disclosure Counsel to the District with respect to the Bonds. Certain legal matters will be passed on for the City and the District by Slovak, Baron, Empey, Murphy & Pinkney LLP, Palm Springs, California, and for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about _____, 2019.

[PIPER JAFFRAY LOGO]

Dated: _____, 2019

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

\$8,635,000*
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(FAIRWAY CANYON)
2019 SPECIAL TAX BONDS

MATURITY SCHEDULE

Base CUSIP No.†

Serial Bonds

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.†</i>
---	------------------------------------	-----------------------------	---------------------	---------------------	--------------------------

Term Bonds

\$ _____ % Term Bonds due September 1, _____, Yield: _____ % Price: _____ CUSIP No.† _____

\$ _____ % Term Bonds due September 1, _____, Yield: _____ % Price: _____ CUSIP No.† _____

* Preliminary, subject to change.

† CUSIP® Copyright 2019, American Bankers Association. CUSIP® data in this Official Statement is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers' Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. None of the City, the District or the Underwriter or its counsel takes any responsibility for the accuracy of CUSIP data in this Official Statement. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**CITY OF BEAUMONT
COUNTY OF RIVERSIDE**

**CITY COUNCIL
Serving as the Legislative Body of
City of Beaumont Community Facilities District No. 2016-1**

Julio Martinez, Mayor
Rey Santos, Mayor Pro Tem
Nancy Carroll
Mike Lara
Lloyd White

CITY OFFICIALS

Todd Parton, City Manager
Kristine Day, Assistant City Manager
Melana Taylor, Director of Finance
Steven Mehlman, City Clerk
John Pinkney, City Attorney

BOND COUNSEL AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth,
a Professional Corporation,
Newport Beach, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Tustin, California

SPECIAL TAX CONSULTANT

Webb Municipal Finance, LLC
Riverside, California

REAL ESTATE APPRAISER

Integra Realty Resources
Rocklin, California

TRUSTEE

Wilmington Trust, National Association
Costa Mesa, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the City and the District. No dealer, broker, salesperson or other person has been authorized by the City, the District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the District, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment to this Official Statement, is intended to be deposited with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org.

The information set forth in this Official Statement which has been obtained from third party sources is believed to be reliable, but such information is not guaranteed as to accuracy or completeness by the City or the District. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the District or any other parties described in this Official Statement since the date of this Official Statement. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is made by this Official Statement to such documents on file with the City for further information. While the City maintains an internet website for various purposes, none of the information on that website is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the City. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "THE COMMUNITY FACILITIES DISTRICT."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

TABLE OF CONTENTS

Page

INTRODUCTION..... 1

- The District..... 1
- Property Ownership and Development Status 2
- Forward Looking Statements..... 2
- Sources of Payment for the Bonds..... 3
- Appraisal Report..... 4
- Description of the Bonds 5
- Professionals Involved in the Offering..... 5
- Continuing Disclosure 6
- SEC Order 6
- Bond Owners' Risks..... 6
- Other Information..... 6

ESTIMATED SOURCES AND USES OF FUNDS..... 7

THE BONDS..... 7

- General Provisions..... 7
- Debt Service Schedule..... 9
- Redemption..... 9
- Registration, Transfer and Exchange..... 12

SOURCES OF PAYMENT FOR THE BONDS..... 12

- Limited Obligations 12
- Special Taxes..... 13
- No Teeter Plan..... 20
- Reserve Account of the Special Tax Fund 20
- Surplus Fund..... 20
- Issuance of Parity Bonds 21

THE COMMUNITY FACILITIES DISTRICT 21

- General 21
- Status of Development in the District..... 21
- Description of Authorized Facilities..... 22
- Appraisal Report..... 23
- Value-to-Lien Ratios 24
- Direct and Overlapping Debt..... 27
- Delinquency History..... 29
- Top Taxpayers 30

PROPERTY OWNERSHIP AND THE DEVELOPMENTS 30

- Property Ownership in the District..... 30
- The Project..... 31
- The Developments..... 32
- The Merchant Builders 33

SPECIAL RISK FACTORS..... 35

- Concentration of Ownership..... 35
- Risks of Real Estate Secured Investments Generally 35
- Tax Cuts and Jobs Act..... 36
- Limited Obligations..... 36
- Insufficiency of Special Taxes 36
- Natural Disasters 37
- Hazardous Substances 38
- Payment of the Special Tax is not a Personal Obligation of the Property Owners..... 39
- Property Values 39
- Parity Taxes and Special Assessments 40

TABLE OF CONTENTS
(continued)

	<i>Page</i>
Disclosures to Future Purchasers.....	40
Special Tax Delinquencies	40
FDIC/Federal Government Interests in Properties	41
Bankruptcy and Foreclosure.....	42
No Acceleration Provision.....	43
Loss of Tax Exemption.....	43
Limited Secondary Market	43
Proposition 218.....	44
No Ratings – Limited Secondary Market	45
Ballot Initiatives	45
Potential Early Redemption of Bonds from Prepayments or Other Sources	46
Limitations on Remedies	46
CONTINUING DISCLOSURE	46
STATE AND FEDERAL INVESTIGATIONS AND CRIMINAL CHARGES INVOLVING FORMER CITY OFFICIALS	47
STATE CONTROLLER INVESTIGATION	47
GRAND JURY REQUEST FOR DOCUMENTS	48
TAX MATTERS	48
LEGAL MATTERS	49
ABSENCE OF LITIGATION.....	50
NO RATING.....	50
UNDERWRITING.....	50
FINANCIAL INTERESTS	50
PENDING LEGISLATION	50
ADDITIONAL INFORMATION	50
APPENDIX A RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX	A-1
APPENDIX B FORM OF OPINION OF BOND COUNSEL	B-1
APPENDIX C DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF RIVERSIDE AND THE CITY OF BEAUMONT.....	C-1
APPENDIX D SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE	D-1
APPENDIX E FORM OF CONTINUING DISCLOSURE CERTIFICATE	E-1
APPENDIX F BOOK-ENTRY ONLY SYSTEM.....	F-1
APPENDIX G SECURITIES AND EXCHANGE COMMISSION ORDER.....	G-1
APPENDIX H APPRAISAL REPORT.....	H-1
APPENDIX I GRAND JURY REQUEST FOR DOCUMENTS	I-1

[INSERT LOCATION MAP HERE]

[INSERT REGIONAL MAP HERE]

[INSERT AERIAL PHOTO HERE]

\$8,635,000*
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(FAIRWAY CANYON)
2019 SPECIAL TAX BONDS

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the table of contents and the appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance by the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) (the “District”) of its 2019 Special Tax Bonds (the “Bonds”) in the aggregate principal amount of \$8,635,000*. The proceeds of the Bonds will be used to: (a) pay the cost and expense of the acquisition and construction of certain public facilities required in connection with the development of the District; (b) fund a reserve account securing the Bonds; and (c) pay costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and pursuant to a resolution adopted by the City Council of the City of Beaumont (the “City Council”), acting as the legislative body of the District, on February 19, 2019 and a Bond Indenture dated as of March 1, 2019 (the “Indenture”), by and between the District and Wilmington Trust, National Association, as trustee (the “Trustee”).

The Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes (as defined herein) levied on parcels within the District and all moneys in the Special Tax Fund as described in the Indenture. See “SOURCES OF PAYMENT FOR THE BONDS.”

The Bonds are being issued and delivered pursuant to the provisions of the Act and the Indenture. The Bonds are being sold pursuant to a Bond Purchase Agreement between the Underwriter and the District. For more complete information, see “THE BONDS—General Provisions” herein.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—DEFINITIONS” herein.

The District

General. The District is located in the northwestern part of the City of Beaumont (the “City”) between State Route 60 and Interstate 10. More specifically, the District is located north of Oak Valley Parkway along Tukwet Canyon Parkway. SDC Fairway Canyon, LLC, a Delaware limited liability company (the “Developer”), is the master developer of the property within the District. The Developer has entered into a Development Management Agreement with Argent Management LLC, a Delaware limited liability company (“Argent Management”), to perform development management functions with respect to the development within the District. The Developer has sold all of the Property planned for residential development within the District to three merchant builders: Woodside 05S, LP, a California limited partnership (“Woodside”); Western Pacific Housing, Inc., a Delaware corporation doing business in California as “D.R. Horton America’s

* Preliminary, subject to change.

builder” (“D.R. Horton”); and KB Home, California LLC, a Delaware limited liability company (“KB Home”). See the captions “PROPERTY OWNERSHIP AND THE DEVELOPMENTS—The Project—*The Developer*” for more information regarding Argent Management, and see the captions “PROPERTY OWNERSHIP AND THE DEVELOPMENT—The Developments” and “—The Merchant Builders” for more information regarding the merchant builders.

Formation Proceedings. The District was formed by the City pursuant to the Act and constitutes a governmental entity separate and apart from the City.

The Act was enacted by the California legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a community facilities district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Act, the City formed the District on May 17, 2016. Subsequent to a noticed public hearing on May 17, 2016, the City Council adopted resolutions which established the District, authorized the levy a special tax within the District, determined the necessity to incur bonded indebtedness within the District, and called an election within the District on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit within the District.

On May 17, 2016, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed \$13,000,000 and approved a rate and method of apportionment of special tax for the District (the “Rate and Method”). A copy of the Rate and Method is attached hereto as Appendix A.

Property Ownership and Development Status

The District is located in the northwestern part of the City north of Oak Valley Parkway along Tukwet Canyon Parkway. The development within the District is planned for 372 proposed single family homes divided into four neighborhoods. The balance of the property within the District is anticipated to be used for recreational facilities, parks and open space, including a 7 acre neighborhood park to be constructed by the Developer. The Developer estimates that the park will cost approximately \$1.8 million and will be completed by early December 2020. The Developer has set aside the funds necessary to construct the park and can draw upon them at any time.

All property planned for residential development in the District has been sold by the Developer to three merchant builders. Woodside is developing the Oak Ridge at The Fairways project, D.R. Horton is developing the Viridian Pointe at The Fairways and the Windsor at The Fairways projects and KB Home is developing the Cherry Blossom at The Fairways project. As of January 1, 2019, 301 of the 372 lots had been conveyed to individual homeowners, and 25 were in escrow with individual homeowners. As of January 1, 2019, construction was ongoing on 26 homes, 12 homes were completed but unsold by the merchant builders and 33 lots were in finished condition. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT” herein.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the

terminology used such as a “plan,” “expect,” “estimate,” “project,” “budget” or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions “—Appraisal Report” and “THE COMMUNITY FACILITIES DISTRICT—Appraisal Report.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Sources of Payment for the Bonds

General. The Bonds and any Parity Bonds are limited obligations of the District, and the interest on and principal of and redemption premiums, if any, on the Bonds and any Parity Bonds are payable solely from the Special Taxes to be levied annually against the property in the District, or, to the extent necessary, from the moneys on deposit in the Reserve Account. As described herein, the Special Taxes are collected along with *ad valorem* property taxes on the tax bills mailed by the Treasurer-Tax Collector of the County of Riverside (the “County”). Although the Special Taxes will constitute a lien on the property subject to taxation in the District, they will not constitute a personal indebtedness of the owners of such property. There is no assurance that such owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if they are financially able to do so.

Limited Obligations. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds and any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the City nor general obligations of the District, but are special obligations of the District payable solely from Special Taxes collected in the District and amounts held under the Indenture as more fully described herein.

Special Tax. As used in this Official Statement, the term “Special Tax” is that tax which has been authorized pursuant to the Act to be levied against certain land within the District pursuant to the Act and in accordance with the Rate and Method to pay for facilities only, but excluding penalties and interest imposed upon delinquent installments. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes” and APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” Under the Indenture, the District will pledge to repay the Bonds and any Parity Bonds from the Special Tax revenues remaining after the payment of annual Administrative Expenses of the District up to the Administrative Expenses Cap (the “Net Taxes”) and from amounts on deposit in the Special Tax Fund established under the Indenture.

The Special Taxes are the primary security for the repayment of the Bonds and any Parity Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds and any Parity Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account therein. See “SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund.”

Special Taxes within the District were first levied in Fiscal Year 2016-17.

Reserve Account. The Indenture creates a Reserve Account for the Bonds. In order to secure further the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in the Reserve Account an amount equal to the Reserve Requirement for the Bonds and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement for the Bonds. The initial

Reserve Requirement for the Bonds shall be \$ _____, and the Reserve Requirement shall never exceed this amount. See “SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund.”

Foreclosure Proceeds. The District will covenant for the benefit of the Owners of the Bonds and the landowners of the District securing such Bonds that it will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies within the District, if the District determines that any single property owner subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of \$2,500 or more or as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within the District, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) the District will cause judicial foreclosure proceedings to be filed in the Superior Court within ninety (90) days of such determination against all properties for which the Special Taxes remain delinquent.

The District will further covenant that it will deposit any Gross Taxes received in connection with a foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

The District does not participate in the County’s Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”); accordingly, the collection of Special Taxes are subject to delinquency. See “SOURCES OF PAYMENT FOR THE BONDS—No Teeter Plan.”

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND CERTAIN AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Parity Bonds for Refunding Purposes Only. Under the terms of the Indenture, the District may issue additional bonds secured by the Net Taxes on a parity with the Bonds (“Parity Bonds”) if certain conditions are met; provided, however, that Parity Bonds may only be issued for the purpose of refunding the Bonds or other Parity Bonds. See “SOURCES OF PAYMENT FOR THE BONDS—Issuance of Parity Bonds.” Parity Bonds may be issued by means of a supplemental indenture and without any requirement for the consent of any Bond owners. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—DEFEASANCE AND PARITY BONDS.”

Liens. Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes have been levied and may also be levied in the future on the property within the District which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments” herein. See Table 4 for a description of the direct and overlapping debt applicable to the parcels within the District.

Appraisal Report

An MAI appraisal of the land and existing improvements within the District (the “Appraisal Report”) was prepared by Integra Realty Resources, Rocklin, California (the “Appraiser”). The Appraisal Report is dated February 13, 2019. See APPENDIX H—“APPRAISAL REPORT.” The Appraisal Report provides an

estimate of the approximate market value of certain of the property in the District, assuming development of the property as currently planned, and assessed value of the remainder of the taxable property in the District. As currently planned, development in the District will consist of 372 residential units. The Appraisal Report appraised 241 of the lots within the District and relied on the assessed value for the remaining 131 lots. As of January 1, 2019, the Appraiser estimates that the value of all of the Taxable Parcels (based on appraised and assessed value) within the District subject to the Special Tax was \$117,498,300, though such conclusion was based on construction status as of December 23, 2018. Unlike the majority of the information presented elsewhere in this Official Statement, which reflects the construction status as of January 1, 2019, the construction status as of December 23, 2018 was as follows: 38 parcels were in finished lot condition, 26 parcels contained homes that were under construction and 308 parcels contained completed homes. The Appraiser is of the opinion that, after accounting for the updated construction status as of January 1, 2019, the value of all of the Taxable Parcels within the District subject to the Special Tax was not less than \$117,498,300.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix H. The City and the District make no representations as to the accuracy of the Appraisal Report. See “THE COMMUNITY FACILITIES DISTRICT—Appraisal Report” and “—Value-to-Lien Ratios.” There is no assurance that property within the District can be sold for the prices set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to pay the Special Tax for that parcel in the event of a default in payment of Special Taxes by the land owner. See “THE COMMUNITY FACILITIES DISTRICT,” “SPECIAL RISK FACTORS—Land Values” and APPENDIX H—“APPRAISAL REPORT” herein.

Description of the Bonds

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.”

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Trustee, all as described in the Indenture. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—GENERAL AUTHORIZATION AND BOND TERMS—Transfers Outside Book-Entry System” herein.

The Bonds are subject to optional redemption, extraordinary redemption, and mandatory sinking fund redemption as described herein. See “THE BONDS—Redemption.” For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see “THE BONDS” and APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE” herein.

Professionals Involved in the Offering

Wilmington Trust, National Association, Costa Mesa, California, will act as Trustee under the Indenture. Piper Jaffray & Co. will serve as the underwriter (the “Underwriter”) of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure

Counsel to the District in connection with the issuance of the Bonds. Certain legal matters will be passed on for the District and the City by Slovak, Baron, Empey, Murphy & Pinkney LLP, Palm Springs, California, for the Underwriter by Kutak Rock LLP, Irvine, California, as counsel to the Underwriter, and for the Trustee by its counsel. Other professional services have been performed by Integra Realty Resources, Rocklin, California, as the Appraiser, Urban Futures, Inc., Tustin, California, as Municipal Advisor to the City and the District, and Webb Municipal Finance, LLC, Riverside, California, as Special Tax Consultant.

Certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds. See “FINANCIAL INTERESTS” herein.

Continuing Disclosure

The District has agreed to provide, or cause to be provided, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission (the “Rule”) certain financial information and operating data on an annual basis (the “District Reports”). The District has further agreed to provide, in a timely manner, notice of certain events with respect to the Bonds (the “Listed Events”). These covenants have been made in order to assist the Underwriter in complying with the Rule. The District Reports will be filed with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”) available on the Internet at <http://emma.msrb.org>. Notices of Listed Events will also be filed with the MSRB. The District has not previously entered into any continuing disclosure obligations. The City will assist the District in preparing the District Reports. Within the last five years, certain related entities of the City have failed to comply in certain respects with prior continuing disclosure undertakings. See “CONTINUING DISCLOSURE.”

See “CONTINUING DISCLOSURE” herein and Appendix E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE” hereto for a description of the specific nature of the annual reports to be filed by the District and notices of Listed Events and a copy of the continuing disclosure undertaking pursuant to which such District Reports are to be made.

SEC Order

On August 23, 2017, following an offer of settlement by the Beaumont Financing Authority (the “BFA”), the U.S. Securities and Exchange Commission (“SEC”) entered a Cease-and-Desist Order and imposed certain undertakings on the BFA (the “SEC Order”). The BFA neither admits nor denies the findings in the SEC Order. The members of the City Council of the City act as the Board of Directors of the BFA and City staff acts as the staff of the BFA. A copy of the SEC Order is attached hereto as Appendix G.

Bond Owners’ Risks

Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The Bonds are not rated by any nationally recognized rating agency. The purchase of the Bonds involves significant risks, and the Bonds may not be appropriate investments for certain investors. See “SPECIAL RISK FACTORS” herein.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the

Indenture, the Bonds and the constitution and laws of the State as well as the proceedings of the Board, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Copies of the Indenture and other documents and information are available for inspection and (upon request and payment to the District of a charge for copying, mailing and handling) for delivery from the City at 550 East 6th Street, Beaumont, California 92223.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Bond proceeds.

Sources of Funds:

Principal Amount of Bonds
[Plus/Less] [Net] Original Issue [Premium/Discount]
Total Sources

Uses of Funds:

Acquisition and Construction Fund⁽¹⁾
Costs of Issuance⁽²⁾
Reserve Account
Total Uses

⁽¹⁾ See “THE COMMUNITY FACILITIES DISTRICT—Description of Authorized Facilities” for a list of facilities eligible to be financed with Bond proceeds deposited into the Acquisition and Construction Fund.

⁽²⁾ Includes Underwriter’s Discount, Bond Counsel fees, Disclosure Counsel fees, Special Tax Consultant fees, Municipal Advisor fees, Trustee fees, printing costs and other issuance costs.

Source: The Underwriter.

THE BONDS

General Provisions

The Bonds will be dated as of their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing on September 1, 2019 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement.

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond, in which event interest will be payable from the dated date of the Bond; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on that Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on that Bond, interest on that Bond will be payable from its dated date.

As used herein, Record Date means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

Interest on any Bond will be paid to the person whose name appears in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. Such interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the Bondowner at its address on the Bond Register. In addition, with respect to any Bonds owned by the District and upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds, payment will be made by wire transfer in immediately available funds to an account designated by such Owner.

Principal of the Bonds and any premium due upon redemption is payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee in Costa Mesa, California.

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple thereof. So long as DTC is the securities depository all payments of principal and interest on the Bonds will be made to DTC and will be paid to the Beneficial Owners in accordance with DTC's procedures and the procedures of DTC's Participants. See APPENDIX F—"BOOK-ENTRY-ONLY SYSTEM."

Debt Service Schedule

The following table presents the annual debt service on the Bonds (including sinking fund redemption), assuming there are no optional or extraordinary redemptions. See “SOURCES OF PAYMENT FOR THE BONDS” and “THE BONDS—Redemption.”

<i>Date (September 1)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
Total			

Source: The Underwriter.

Redemption*

Optional Redemption. The Bonds may be redeemed, at the option of the District, from any source of funds, other than Prepayments, on any date on or after September 1, 20__, in whole, or in part by lot, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed):

* Preliminary, subject to change.

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and any date thereafter	100

In the event the District elects to optionally redeem Bonds, the District shall give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds of each maturity to be redeemed. The notice to the Trustee shall be given at least 45 but no more than 60 days prior to the redemption date, or by such later date as is acceptable to the Trustee, in its sole discretion.

Extraordinary Redemption from Special Tax Prepayments. The Bonds are subject to extraordinary redemption as a whole or in part, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account plus amounts transferred from the Reserve Account pursuant to the Indenture, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Price</i>
Interest Payment Dates to and including March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and each Interest Payment Date thereafter	100

Prepayments and amounts released from the Reserve Account in connection with Prepayments will be allocated to the redemption of the Bonds and any Parity Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of the Bonds and any Parity Bonds and shall be applied to redeem Bonds and Parity Bonds as nearly as practicable on a pro rata basis among maturities in increments of \$5,000; provided, however, that, for Prepayments of less than \$50,000, the District may specify in a Certificate of an Authorized Representative that Prepayments be applied to one or more maturities of the Bonds or Parity Bonds so long as there is delivered to the Trustee a Certificate of the Special Tax Consultant that, following such redemption from Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Developed Property is not less than 110% of Maximum Annual Debt Service net of the Administrative Expenses Cap.

Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 20__ (the "20__ Term Bonds") shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

<i>Sinking Fund Redemption Date</i> <i>(September 1)</i>	<i>Sinking Fund Payments</i>
	\$

(maturity)

The Term Bonds maturing on September 1, 20__ (the "20__ Term Bonds") shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account,

on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Sinking Fund Redemption Date
(September 1)

Sinking Fund Payments

\$

(maturity)

In the event of a partial optional redemption or extraordinary redemption of 20__ Term Bonds or 20__ Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000.

Selection of Bonds and Parity Bonds for Redemption. If less than all of the Bonds Outstanding are to be redeemed, the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof. So long as the Bonds are registered in the name of the Nominee, such Bonds or any portion thereof shall be selected by the Depository in accordance with its operating procedures.

Notice of Redemption. So long as the Bonds are held in book-entry form, the Beneficial Owners will not be mailed any notice of redemption by the Trustee. It is the responsibility of DTC Participants to provide such notice. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM." The Trustee is obligated to provide at least 30 days but not more than 45 days prior to the date of redemption, notice of intended redemption, by first-class mail, postage prepaid, to the respective registered owners of the Bonds at the addresses appearing on the Bond registration books; provided, however, so long as the Bonds and Parity Bonds are registered in the name of the Nominee, such notice shall be given in such manner as complies with the requirements of the Depository. The notice of redemption must: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds are subject to redemption, or all the Bonds or Parity Bonds of one maturity are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally issued; (vii) state the rate of interest borne by each Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Trustee. Such notice must further state that on the date fixed for redemption, there will become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable.

So long as notice of redemption has been provided as set forth in the Indenture, the actual receipt by the owner of any Bond of notice of such redemption is not a condition precedent to redemption, and neither the failure to receive such notice nor any defect therein will affect the validity of the proceedings for redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Any redemption notice for an optional redemption of the Bonds delivered in accordance with the Indenture may be conditional, and, if any condition stated in the redemption notice has not been satisfied on or prior to the redemption date: (i) the redemption notice will be of no force and effect, (ii) the District will not be required to redeem such Bonds, (iii) the redemption will not be made, and (iv) the Trustee will within a reasonable time thereafter give notice to the persons to whom such conditional redemption notice was given in

the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Effect of Redemption. When notice of redemption has been given, and when the amount necessary for redemption has been made available for that purpose and is available therefor on the date fixed for such redemption, the Bonds designated for redemption will become due and payable on the date fixed for redemption upon presentation and surrender of the Bonds at the place specified in the notice of redemption. Bonds or portions thereof so designated for redemption will be deemed to be no longer Outstanding and such Bonds, or portions thereof, will cease to bear further interest. As of the date fixed for redemption no Owner of any of the Bonds or portions thereof so designated for redemption will be entitled to any of the benefits of the Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

Purchase in lieu of Redemption. The Bonds may be purchased by the District in lieu or partially in lieu of redemption of Bonds. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—CREATION OF FUNDS AND APPLICATION OF PROCEEDS—Redemption Account of the Special Tax Fund.”

Registration, Transfer and Exchange

Registration. The Trustee will keep sufficient books for the registration and transfer of the Bonds. The ownership of the Bonds will be established by the Bond registration books held by the Trustee.

Transfer or Exchange. Whenever any Bond is surrendered for registration of transfer or exchange, the Trustee will authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount of authorized denominations; provided that the Trustee will not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date of any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account therein, for the exclusive benefit of the owners of the Bonds, and foreclosure proceeds resulting from the sale of delinquent parcels if and when available. See “—Reserve Account of the Special Tax Fund.”

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES TO BE LEVIED IN THE DISTRICT AND CERTAIN OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Special Taxes

Authorization and Pledge. In accordance with the provisions of the Act, the City established the District on May 17, 2016 for the purpose of financing the various public improvements and services required in connection with the proposed development within the District. On May 17, 2016, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed \$13,000,000, secured by special taxes levied on property within the District to finance the Facilities (as defined under the caption “THE COMMUNITY FACILITIES DISTRICT—Description of Authorized Facilities”). The landowners within the District also voted to approve the Rate and Method which authorized the Special Tax to be levied to repay indebtedness issued by the District, including the Bonds. There are two types of special taxes levied by the District: a special tax for facilities and a special tax for services. Throughout this Official Statement, all references to the Special Tax shall refer to the special tax for facilities. **The special tax for services is not pledged to, and shall not be available to make payments on, the Bonds.**

The District will covenant in the Indenture that it will levy Special Taxes up to the maximum rates permitted under the Rate and Method in an amount sufficient, together with other amounts on deposit in the Special Tax Fund, to pay the principal of and interest on any Outstanding Bonds and any Parity Bonds, to maintain the Reserve Account at the Reserve Requirement and to pay the estimated Administrative Expenses.

The “Special Taxes” are the special taxes for facilities authorized to be levied and collected by the District in accordance with the Rate and Method and the Act. The Special Taxes are collected in the manner and at the same time as *ad valorem* property taxes are collected and are subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The “Net Taxes” pledged by the District to the Bonds (and any Parity Bonds) is defined in the Indenture as the “Gross Taxes” minus amounts permitted to be set aside prior to the payment of the principal of and interest on the Bonds and Parity Bonds in order to pay Administrative Expenses up to the Administrative Expenses Cap. The Administrative Expenses Cap shall be \$30,000 annually.

“Gross Taxes” is defined in the Indenture as the amount of all Special Taxes received by the District from the Treasurer, together with all payments made with respect to tax-defaulted parcels (including all delinquent and redemption penalties, fees and costs) and the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture.

Except for Prepayments which shall be deposited to the Redemption Account, the Trustee will, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund. The Trustee will transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Indenture, in the following order of priority, to:

- (1) The Administrative Expenses Fund;
- (2) The Interest Account of the Special Tax Fund;
- (3) The Principal Account of the Special Tax Fund;
- (4) The Redemption Account of the Special Tax Fund;
- (5) The Reserve Account of the Special Tax Fund;
- (6) The Rebate Fund; and

(7) The Surplus Fund.

Notwithstanding the foregoing, the total amount transferred to the Administrative Expenses Fund in a Bond Year shall not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the Reserve Account to the Reserve Requirement.

See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE.”

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. The initial Special Tax levy commenced in Fiscal Year 2016-17. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” hereto. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See the caption “*Limitation on Special Tax Levy and Potential Impact on Coverage*” below and “SPECIAL RISK FACTORS—Insufficiency of Special Taxes” herein.

Rate and Method of Apportionment of Special Tax. The District is legally authorized and will covenant to cause the levy of the Special Taxes in an amount determined according to a methodology, i.e., the Rate and Method which the City Council and the electors within the District have approved. The Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in the District as more particularly described below. There are two types of special taxes levied by the District: a special tax for facilities and a special tax for services. Throughout this Official Statement, all references to the Special Tax shall refer to the special tax for facilities. **The special tax for services is not pledged to, and shall not be available to make payments on, the Bonds.**

The following is a synopsis of the provisions of the Rate and Method for the District, which should be read in conjunction with the complete text of the Rate and Method which is attached to this Official Statement as APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” The meaning of the defined terms used in this section are as set forth in Appendix A. This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as Appendix A.

“*Building Permit*” means a permit for new construction for a residential or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of retaining walls, utility improvements, or other such improvements not intended for human habitation.

“*Developed Property*” means all Assessor’s Parcels for which Building Permits were issued on or before March 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor Parcel is associated with a Lot, as determined by the CFD Administrator.

“*Exempt Property*” means all Assessor’s Parcels designated as being exempt from Special Taxes as more fully set forth below.

“*Final Map Property*” means Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to the March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

“*Minimum Acreage*” means the smallest allowable amount of taxable acreage. For the District, it shall not be less than 63.04 acres. The acreage per Zone is as follows: (i) Zone 1 - 18.41 acres, (ii) Zone 2 - 33.04 acres, and (iii) Zone 3 - 11.59 acres.

“*Special Tax for Facilities*” means any of the special taxes authorized to be levied within the District pursuant to the Act to fund the Special Tax Requirement for Facilities.

“*Special Tax Requirement for Facilities*” means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by the District provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

“*Taxable Property*” means all Assessor’s Parcels within the District, which are not Exempt Property, as determined by the CFD Administrator.

“*Undeveloped Property*” means all Assessor’s Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

“*Zones*” means Zone 1, 2 or 3 as geographically identified on the CFD Boundary Map.

“*Zone 1*” means the specific geographic area as depicted in the Rate and Method and containing Assessor’s Parcels located along the golf course frontage.

“*Zone 2*” means the specific geographic area as depicted in the Rate and Method.

“*Zone 3*” means the specific geographic area as depicted in the Rate and Method.

Exempt Property. The City shall classify as Exempt Property: (i) Assessor’s Parcels owned by the State of California, Federal or other local governments, (ii) Assessor’s Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor’s Parcels used exclusively by a homeowners’ association, or (iv) Assessor’s Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than the Minimum Acreage. Notwithstanding the above, the City Council shall not classify an Assessor’s Parcel as Exempt Property pursuant to this paragraph if such classification would reduce the sum of all Taxable Property to less than the Minimum Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Acreage will continue to be classified as Undeveloped Property, and will continue to be subject to Special Taxes accordingly.

Maximum Special Tax. The Maximum Special Tax provided for in the Rate and Method is as follows:

Developed Property

The Maximum Special Tax for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax or (ii) the application of the Backup Special Tax. The Maximum Special Tax for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Annual Special Tax.

Undeveloped Property and Final Map Property

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property and Final Map Property in any Fiscal Year shall be the Assigned Special Tax. The Assigned Special Tax for Final Map Property and Undeveloped Property is \$11,869 per Acre in Zone 1, \$9,607 per Acre in Zone 2 and \$12,546 per acre in Zone 3.

Assigned Special Tax. The Assigned Special Tax is determined as follows:

Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall range from: \$1,830 to \$2,150 for Residential Property within Zone 1; from \$1,440 to \$2,019 for Residential Property within Zone 2; and from \$1,440 to \$2,019 for Residential Property within Zone 3. The Assigned Special Tax for Non-Residential Property is \$11,869 per Acre within Zone 1, \$9,607 per Acre within Zone 2 and \$12,546 per Acre within Zone 3.

Backup Special Tax. The Backup Special Tax shall be determined as follows:

Each Fiscal Year, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax. In each Fiscal Year, the Backup Special Tax rate for Developed Property classified as Residential Property within each Zone shall be the maximum Special Tax rate per acre for Undeveloped Property in the respective Zone for the applicable Fiscal Year multiplied by the acreage of Developed Property classified or to be classified as Residential Property in such Zone, divided by the number of Lots in the Zone which are classified or to be classified as Residential Property.

Notwithstanding the foregoing, if Assessor's Parcels of Developed Property which are classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax for the area that has been changed or modified shall be a rate per square foot of Acreage for each Zone calculated as follows:

1. Determine the total Backup Special Tax anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Developed Property classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the CFD Administrator.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

Method of Apportionment of Special Tax. Commencing Fiscal Year 2016-17 and for each subsequent Fiscal Year until terminated, the City Council shall levy Special Taxes on all Taxable Property until the amount of Special Taxes levied equals the Special Tax Requirement in accordance with the following steps:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax rate as needed to satisfy the Special Tax Requirement for Facilities;

Second: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities;

Third: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J of the Rate and Method, at up to 100% of the Assigned Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Maximum Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities; and

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property classified as Undeveloped Property pursuant to Section J of the Rate and Method at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Prepayment of Special Taxes. The Special Tax obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued or an Assessor's Parcel of Undeveloped Property that is classified as Undeveloped Property and will be classified as Developed Property in the next Fiscal Year may be prepaid in part or in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time that the Special Tax obligation would be prepaid. The Prepayment Amount is calculated based on the Bond Redemption Amount plus Redemption Premium plus Future Facilities Amount plus the Defeasance amount plus the Administrative Fee, and less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any), all as specified in APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX—Section G." No parcels within the District have prepaid their Special Tax obligation.

Estimated Debt Service Coverage. Pursuant to the Rate and Method, and subject to the Maximum Special Taxes prescribed therein and permitted by the Act, the District will only levy Special Taxes in an amount sufficient to achieve the Special Tax Requirement. The Bonds have been sized so that the Assigned Special Taxes that may be levied in each Fiscal Year produce an amount equal to at least 110% of the debt service due on the Bonds in such Fiscal Year plus Administrative Expenses of \$30,000. The District expects to levy Special Taxes only on Developed Property going forward, though it has the ability under the Rate and Method to levy against Final Map Property and Undeveloped Property if necessary. In Fiscal Year 2018-19, Special Taxes were levied only against the 302 lots then classified as Developed Property. It is expected that all remaining building permits will be pulled by May 2019, in which case all property within the District will be classified as Developed Property beginning in Fiscal Year 2020-21.

Limitation on Special Tax Levy and Potential Impact on Coverage. Pursuant to Section 53321(d) of the Government Code, the Special Tax levied against any Assessor's parcel for which a building permit has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Assessor's parcel within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District

may not be able to increase the tax levy to the Assigned Special Tax in all years. In addition, under the Rate and Method, the Maximum Special Tax for Facilities may not be levied after Fiscal Year 2055-56.

Collection of Special Taxes. The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County of Riverside in the same manner and at the same time as *ad valorem* property taxes. The District may, however, collect the Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

The County of Riverside assesses and collects secured and unsecured property taxes for the cities, school districts, and special districts within the County of Riverside, including the Special Taxes for the District. The delinquency dates for property tax payments are December 10 for the first installment and April 10 for the second installment. Once the property taxes are collected, the County of Riverside conducts its internal reconciliation for accounting purposes and distributes the City's share of such taxes (including the Special Taxes) to the City, periodically and typically pursuant to a published schedule. Prior to distribution, the moneys are deposited in an account established on behalf of the County of Riverside in the Riverside County Investment Pool (the "Pool") which is invested by the County Treasurer. If the County of Riverside or the Pool were at any time to become subject to bankruptcy proceedings, it is possible that District property taxes held in the Pool (including the Special Taxes), if any, could be temporarily unavailable to the County of Riverside. The District does not participate in the County's Teeter Plan, which is an alternate method for allocating property taxes by counties. Accordingly, the collection of Special Taxes is subject to delinquencies.

The first installment of the Special Tax for Fiscal Year 2018-19 was levied in the amount of \$257,725. With respect to the first installment only, as of January 16, 2019, \$7,178, representing eight parcels, or approximately 2.79% of the Special Tax, was delinquent and remained outstanding. See "THE COMMUNITY FACILITIES DISTRICT—Delinquency History."

The District will make certain covenants in the Indenture for the purpose of ensuring that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the District's ability to collect sufficient Special Taxes to pay debt service on the Bonds and Administrative Expenses when due. First, the District will covenant that, to the extent it is legally permitted to do so, it will not reduce the maximum Special Tax rates and will oppose the reduction of maximum Special Tax rates by initiative where such reduction would reduce the maximum Special Taxes below current levels unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, among other things, on the basis of the parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the Rate and Method then in effect in the District) in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least the sum of the estimated Administrative Expenses and 110% of gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds and Parity Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultant shall assume Administrative Expenses equal to the Administrative Expense Cap.

Second, the District will covenant not to permit the tender of Bonds or Parity Bonds in payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE."

Although the Special Taxes constitute liens on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. In addition to the obligation to pay

Special Taxes, properties in the District are subject to other assessments and special taxes as set forth under Table 5 herein. These other special taxes and assessments are co-equal to the lien for the Special Taxes. Moreover, other liens for taxes and assessments could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners in the District. See “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments” herein. There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described in the section of this Official Statement entitled “SPECIAL RISK FACTORS.”

Proceeds of Foreclosure Sales. The proceeds of delinquent Special Taxes received following a judicial foreclosure sale of parcels within the District resulting from a landowner’s failure to pay the Special Taxes when due, up to the amount of the delinquent Special Tax lien, are included within the Special Tax revenues pledged to the payment of principal and interest on the Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Tax levied, the City Council, as the legislative body of the District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District will covenant for the benefit of the Owners of the Bonds and the landowners of the District securing such Bonds that it will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies within the District, if the District determines that any single property owner subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of \$2,500 or more or as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within the District, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) the District will cause judicial foreclosure proceedings to be filed in the Superior Court within ninety (90) days of such determination against all properties for which the Special Taxes remain delinquent.

The District covenants that it will deposit any Gross Taxes received in connection with a foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY” herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Account) have been exhausted, debt service payments on the Bonds could be delayed until the foreclosure proceedings have ended with the receipt of any foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the City and the District. See “SPECIAL RISK FACTORS—Bankruptcy and Foreclosure” herein. Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See “SPECIAL RISK FACTORS—Property Values” herein. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the City any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other

purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

No Teeter Plan

The District does not participate in the County's Teeter Plan described above. Accordingly, the collection of Special Taxes is subject to delinquencies.

Reserve Account of the Special Tax Fund

In order to secure further the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in the Reserve Account an amount equal to the Reserve Requirement and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement.

In the Indenture, "Reserve Requirement" is defined to mean that amount as of any date of calculation equal to the lesser of (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any, (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; and (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any. Notwithstanding the foregoing, in no event shall the Reserve Requirement exceed the initial Reserve Requirement of \$_____.

Subject to the limits on the maximum annual Special Tax which may be levied within the District in accordance with the Rate and Method set forth in Appendix A, the District will covenant to levy Special Taxes in an amount that is anticipated to be sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Reserve Account at the Reserve Requirement. Amounts in the Reserve Account are to be applied to (i) pay debt service on the Bonds and any Parity Bonds, to the extent other moneys in the Interest Account and the Principal Account are insufficient therefor; (ii) make any required transfer to the Rebate Fund pursuant to the Indenture; (iii) redeem the Bonds and any Parity Bonds in whole or in part; and (iv) pay the principal and interest due in the final year of maturity of a series of the Bonds and any Parity Bonds. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—CREATION OF FUNDS AND APPLICATION OF PROCEEDS—Reserve Account of the Special Tax Fund" herein.

Surplus Fund

After the transfer of Administrative Expenses to the Administrative Expense Fund up to the Administrative Expenses Cap, the payment of principal of and interest on the Bonds when due, transfers to the Redemption Account to pay principal and premium, if any, on Bonds called for redemption, transfers to replenish the Reserve Account to the Reserve Requirement and any required transfers to the Rebate Fund, as soon as practicable after each September 1, and in any event prior to each September 15, the Trustee will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, other than amounts in the Special Tax Fund which (i) the District has included as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to the Indenture or (ii) amounts to be transferred to the Acquisition and Construction Fund because such amounts were included in the levy of Special Taxes for the previous Fiscal Year to pay for the acquisition or construction of the Project. Moneys deposited in the Surplus Fund may be applied to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor, to replenish the Reserve Account to the Reserve Requirement, to pay Administrative Expenses in excess of the Administrative Expenses Cap, to pay Project Costs, or for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or any Parity Bonds and may be used by the District for any lawful purpose.

Issuance of Parity Bonds

The District may at any time after the issuance and delivery of the Bonds issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds which may only be issued to effect a partial refunding may be issued if the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds in each Bond Year.

See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—DEFEASANCE AND PARITY BONDS—Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness.”

THE COMMUNITY FACILITIES DISTRICT

General

The City formed the District on May 17, 2016. The District is located in the northwestern part of the City, between State Route 60 and Interstate 10, and north of Oak Valley Parkway along Tukwet Canyon Parkway. The District is comprised of approximately 101.8 acres of land, of which approximately 67.04 acres is taxable. The District is being developed by three merchant builders and is expected to consist of 372 residential units at full buildout, which is expected to occur in October 2019.

Status of Development in the District

The property within the District contains 372 lots, which, as of January 1, 2019, consisted of 339 parcels classified as Developed Property and 33 parcels classified as Final Map Property. As of January 1, 2019, individual homeowners owned 301 lots (with another 25 homes in escrow to be sold to individual homeowners), D.R. Horton owned 12 lots and Woodside owned 59 lots. As of such date, KB Home had built and sold all of its units within the District. Of the 12 lots owned by D.R. Horton, 9 single-family homes were under construction as of January 1, 2019 and 3 were completed and unsold. Of the 59 lots owned by Woodside, 9 were completed and unsold homes, 17 were homes under construction and 33 were finished lots. The Developer does not currently own any Property within the District. As of January 1, 2019, 339 lots had building permits pulled. Woodside expects to pull the remaining building permits by May 2019, in which case all parcels within the District will be classified as Developed Property for the Fiscal Year 2020-21 Special Tax levy. The District expects to only levy Special Taxes against Developed Property in the future, although it has the ability under the Rate and Method to levy against Final Map Property and Undeveloped Property, if necessary.

See “PROPERTY OWNERSHIP AND THE DEVELOPMENT” herein for further information regarding property ownership within the District.

Annual Debt Service for the Bonds has been structured so that Assigned Special Taxes levied on all taxable parcels of Developed Property, assuming no delinquencies, will generate in each Fiscal Year not less than 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, plus estimated Administrative Expenses, assuming that Special Taxes are levied and collected on such Developed Property in the District pursuant to the Rate and Method.

Table 1 below sets forth the Assigned Special Tax per unit of Developed Property, the projected Fiscal Year 2019-20 Special Tax levy and the percent of such levy based on land use class as of January 1, 2019.

**TABLE 1
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1 THE DISTRICT
ASSIGNED SPECIAL TAXES**

Zone/Land Use Class	Land Use⁽¹⁾	No. of Units	Assigned Special Tax	Projected Fiscal Year 2019-20 Special Tax*	Total Projected Fiscal Year 2019-20 Special Tax Levy^{(2)*}	Percent of Total*
Zone 1						
1	Residential Less than 2,300 sq. ft.	4	\$1,830 per parcel	\$1,805 per Unit	\$ 7,221	1.26%
2	Residential 2,300 sq. ft. to 2,799 sq. ft.	50	1,863 per parcel	1,838 per Unit	91,892	16.08
3	Residential 2,800 sq. ft. to 3,499 sq. ft.	40	1,999 per parcel	1,972 per Unit	78,880	13.80
4	Residential Greater than 3,499 sq. ft.	11	2,150 per parcel	2,121 per Unit	23,331	4.08
N/A	Final Map Property	2	11,869 per acre	0 per Acre	0	0.00
Zone 2						
1	Residential Less than 2,300 sq. ft.	11	\$1,440 per parcel	\$1,421 per Unit	\$ 15,626	2.73
2	Residential 2,300 sq. ft. to 2,799 sq. ft.	69	1,600 per parcel	1,578 per Unit	108,909	19.06
3	Residential 2,800 sq. ft. to 3,499 sq. ft.	49	1,865 per parcel	1,840 per Unit	90,151	15.78
4	Residential Greater than 3,499 sq. ft.	11	2,019 per parcel	1,992 per Unit	21,909	3.83
N/A	Final Map Property	31	9,607 per acre	0 per Acre	0	0.00
Zone 3						
1	Residential Less than 2,300 sq. ft.	94	\$1,440 per parcel	\$1,421 per Unit	\$ 133,532	23.37
2	Residential 2,300 sq. ft. to 2,799 sq. ft.	0	1,600 per parcel	0 per Unit	0	0.00
3	Residential 2,800 sq. ft. to 3,499 sq. ft.	0	1,865 per parcel	0 per Unit	0	0.00
4	Residential Greater than 3,499 sq. ft.	0	2,019 per parcel	0 per Unit	0	0.00
N/A	Final Map Property	0	12,546 per acre	0 per Acre	0	0.00
		372	Total		\$ 571,450	100.00%

* Preliminary, subject to change.

(1) Reflects Developed Property unless otherwise noted as Final Map Property.

(2) Levied in an amount sufficient to cover debt service on the Bonds and pay Administrative Expenses of \$30,000.

Source: Webb Municipal Finance, LLC.

Description of Authorized Facilities

Certain facilities are authorized to be constructed and acquired (the "Facilities") by the District. These Facilities include, but are not limited to the following:

- Sewer system improvements
- Storm drain improvements
- Dry utilities infrastructure
- Street improvements
- Gas line relocation

All of the Facilities that are to be financed in part with the proceeds of the Bonds have been completed by the Developer, and the Developer has completed all in-tract infrastructure within the District. The total cost of the Facilities was approximately \$16,000,000, and the District estimates that approximately \$8,400,000 will be paid to the Developer from the proceeds of the Bonds.

Appraisal Report

The estimated assessed value of the property within the District, as shown on the County's assessment roll for Fiscal Year 2018-19, is approximately \$70,718,370. However, as a result of the requirements of Article XIII A of the California Constitution, a property's assessed value is not necessarily indicative of its market value. In order to provide information with respect to the value of the property within the District, the City engaged Integra Realty Resources, the Appraiser, to prepare the Appraisal Report. The Appraiser has an "MAI" designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land-secured municipal bonds. The Appraiser was selected by the City through a request for proposal process and has no material relationships with the City, the District, or the owners of the land within the District other than the relationship represented by the engagement to prepare the Appraisal Report. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the California Debt and Investment Advisory Commission. A copy of the Appraisal Report is included as APPENDIX H—"APPRAISAL REPORT" to this Official Statement.

The purpose of the Appraisal Report was to estimate the market value, by parcel, and aggregate value of the "as is" condition of certain of the property within the District subject to the Special Taxes that did not have an improved value on the Fiscal Year 2018-19 County Assessor's roll. The remainder of the taxable property is valued in the Appraisal based on its assessed value. The estimate of market value takes into consideration and assumes the improvements to be funded with the proceeds of the Bonds have been installed and that the development costs provided to the Appraiser by the Developer include all of the costs necessary to bring the subject properties to a finished lot condition. Subject to the contingencies, assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of January 1, 2019 the value of the Taxable Parcels (based on market and assessed values) within the District was \$117,498,300, though such value was based on construction status as of December 23, 2018. Of the 372 lots within the District, the Appraisal Report appraised 241 of the lots and relied on the assessed value for the remaining 131 lots. See "INTRODUCTION—Appraisal Report."

In estimating the market value, the Appraiser utilized a direct comparison approach and static residual analysis for all of the property owned by the merchant builders to derive a value indication for the finalized lots within each tract adjusted by any costs to complete such finished lots.

Reference is made to Appendix H for a complete list of the assumptions and limiting conditions and a full discussion of the appraisal methodology and the basis for the Appraiser's opinions. In the event that any of the contingencies, assumptions and limiting conditions are not actually realized, the value of the property within the District may be less than the amount reported in the Appraisal Report. In any case, there can be no assurance that any portion of the property within the District would actually sell for the amount indicated by the Appraisal Report.

The Appraisal Report merely indicates the Appraiser's opinion as to the market value of the property referred to therein as of the date and under the conditions specified therein. The Appraiser's opinion reflects conditions prevailing in the applicable market as of the date of the Appraisal Report. The Appraiser's opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not change adversely in the future.

It is a condition precedent to the issuance of the Bonds that the Appraiser deliver to the District a certification to the effect that, while the Appraiser has not updated the Appraisal Report since its date and has not undertaken any obligation to do so, nothing has come to the attention of the Appraiser subsequent to the date of the Appraisal Report that would cause the Appraiser to believe that the value of the property that it appraised in the District is less than the value reported in the Appraisal Report. However, the Appraiser notes that acts and events may have occurred since the date of the Appraisal Report which could result in both positive and negative effects on market value within the District.

Value-to-Lien Ratios

Table 2 below incorporates the values assigned to parcels in the Appraisal Report, the estimated principal amount of the Bonds allocable to each category of parcels based on the projected Fiscal Year 2019-20 Special Tax levy and development status as of January 1, 2019, and the estimated assessed/appraised value-to-lien ratios for various categories of parcels based upon land values as of January 1, 2019 as set forth in the Appraisal Report and based on information received from the Developer and the merchant builders. Based on the principal amount of the Bonds, the estimated assessed/appraised District-wide value-to-lien ratio including all Taxable Property as of January 1, 2019 is 13.61-to-1*. This ratio does not include other direct and overlapping debt within the District. See “—Direct and Overlapping Indebtedness” below. Taking that direct and overlapping debt into account, the ratio of the aggregate assessed/appraised value of the Taxable Property within the District to the total principal amount of all direct and overlapping bonded debt for the District is approximately 10.92-to-1*.

* Preliminary, subject to change.

**TABLE 2
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1 THE DISTRICT
ASSESSED/APPAISED VALUE-TO-LIEN RATIOS
ALLOCATED BY PROPERTY OWNER***

Property Owner ⁽¹⁾	Parcels	Projected Fiscal Year 2019-20		Projected Fiscal Year 2019-20 Special Tax Levy ⁽²⁾	Projected Fiscal Year 2019-20 Assigned Special Tax	Projected Fiscal Year 2019-20 Total Assigned Special Tax	Fiscal Year 2018-19		Percent of Fiscal Year 2018-19 Assessed/Appraised Value	Allocation of Bonds ⁽³⁾	Aggregate Value-to-Lien Ratio ⁽⁴⁾
		Projected Fiscal Year 2019-20 Special Tax Levy	Projected Fiscal Year 2019-20 Assigned Special Tax				Fiscal Year 2018-19 Assessed/ Appraised Value	Fiscal Year 2018-19 Assessed/ Appraised Value			
Final Map - Woodside	33	\$ 0	\$ 54,094	0.00%	\$ 54,094	\$ 54,094	\$ 3,534,474	3.01%	\$ 0	N/A	
Subtotal Final Map	33	0	54,094	0.00	54,094	54,094	3,534,474	3.01%	0	N/A	
Developed - Woodside	26	45,850	46,478	8.02	46,478	46,478	3,810,222	3.24%	\$ 692,828	5.50:1	
Developed - D.R. Horton	12	22,078	22,380	3.86	22,380	22,380	2,064,553	1.76%	333,609	6.19:1	
Developed - Individual Owned	301	503,522	510,416	88.11	510,416	80,59	108,089,051	91.99	7,608,562	14.21:1	
Subtotal Developed	339	\$ 571,450	\$ 579,274	100.00%	\$ 579,274	\$ 579,274	\$ 113,963,826	91.46%	\$ 8,635,000	13.20:1	
Totals	372	\$ 571,450	\$ 633,368	100.00%	\$ 633,368	\$ 633,368	\$ 117,498,300	100.00%	\$ 8,635,000	13.61:1	

* Preliminary, subject to change.

(1) Ownership status is based on information from Appraisal and from the Developer and merchant builders as of January 1, 2019. Development status is as of January 1, 2019.

(2) Based on par amount of the Bonds plus Administrative Expenses in the amount of \$30,000.

(3) Based on projected Fiscal Year 2019-20 Special Tax levy.

(4) Aggregate Value-to-Lien based upon the par amount of the Bonds. Excludes direct and overlapping debt shown in Table 4.

Source: Webb Municipal Finance, LLC.

Table 3 below summarizes the assessed/appraised value-to-lien of the individual parcels within the District by value-to-lien range based on development status and ownership as of January 1, 2019.

**TABLE 3
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY CANYON)
ASSESSED/APPRaised VALUE-TO-LIEN STRATIFICATION***

Assessed/Appraised Value-to-Lien ⁽¹⁾	No. of Parcels	Percent of Total Parcels	Projected Fiscal Year 2019-20 Special Tax Levy ⁽⁴⁾	Projected Fiscal Year 2019-20 Levy	Projected Fiscal Year 2019-20 Assigned Special Tax	Projected Total Assigned Special Tax	Fiscal Year 2018-19 Assessed/ Appraised Value	Percent of 2018-19 Assessed/ Appraised Value	Allocation of Bonds ⁽⁵⁾	Aggregate Value-to-Lien
Less than 4.00:1 ⁽²⁾	20	5.38%	\$ 37,512	6.56%	\$ 38,026	6.00%	\$ 2,191,316	1.86%	\$ 566,838	3.87:1
4.00:1 to 7.99:1	11	2.96	16,731	2.93	16,960	2.68	1,204,211	1.02	252,816	4.76:1
8.00:1 to 11.99:1	12	3.23	23,589	4.13	23,912	3.78	4,065,877	3.46	356,446	11.41:1
12.00:1 to 15.99:1	263	70.70	441,436	77.25	447,480	70.65	93,236,518	79.35	6,670,401	13.98:1
Greater than 15.99:1 ⁽³⁾	33	8.87	52,182	9.13	52,896	8.35	13,265,905	11.29	788,499	16.82:1
Final Map Property	33	8.87	0	0.00	54,094	8.54	3,534,474	3.01	0	N/A:1
Total	372	100.00%	\$ 571,450	100.00%	\$ 633,568	100.00%	\$117,498,300	100.00%	\$8,635,000	13.61:1

* Preliminary, subject to change.

⁽¹⁾ Assessed/Appraised Value-to-Lien based upon par amount of the Bonds. Excludes direct and overlapping debt show in Table 4. Reflects value-to-lien for Developed Property except for the Final Map Property row. Based on development status as of January 1, 2019.

⁽²⁾ Minimum estimated appraised value-to-lien is 3.65:1.* If the Bonds were allocated based on the share of the projected Fiscal Year 2019-20 Assigned Special Tax, the value-to-lien for all parcels identified as Final Map Property would be 4.80:1.*

⁽³⁾ Highest estimated appraised value-to-lien is 17.86:1.*

⁽⁴⁾ Based on par amount of the Bonds plus Administrative Expenses in the amount of \$30,000.

⁽⁵⁾ Based on projected Fiscal Year 2019-20 Special Tax Levy.

Source: Webb Municipal Finance, LLC.

* Preliminary, subject to change.

Direct and Overlapping Debt

The District is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within the District is shown in Table 4 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within the District; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

**TABLE 4
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY CANYON)
DIRECT AND OVERLAPPING DEBT**

I. ASSESSED/APPRAISED VALUE

Assessed/Appraised Valuation⁽¹⁾ \$117,498,300

II. LAND SECURED BOND INDEBTEDNESS

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Amount Applicable</i>
CFD 2016-1 BEAUMONT	CFD	372	\$8,635,000*	\$8,635,000 ⁽²⁾ *	100.00%	\$ 8,635,000*
TOTAL OUTSTANDING LAND SECURED BONDED DEBT⁽³⁾						\$ 8,635,000*

<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued⁽²⁾</i>	<i>% Applicable</i>	<i>Amount Applicable</i>
CFD 2016-1 BEAUMONT	CFD	372	\$13,000,000	\$4,365,000*	100.00%	\$ 4,365,000*
TOTAL UNISSUED LAND SECURED INDEBTEDNESS⁽³⁾						\$ 4,365,000*

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS **\$ 13,000,000**

III. GENERAL OBLIGATION BOND INDEBTEDNESS

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable⁽⁴⁾</i>	<i>Amount Applicable</i>
Beaumont Unified School B & I (0.07432%)	GO	372	\$ 91,658,583	\$88,450,508	1.22%	\$ 1,078,333
MT San Jacinto Comm (0.01320%)	GO	372	190,000,000	172,650,000	0.08	134,348
San Gorgonio Memorial Healthcare District (0.08692%)	GO	372	108,000,000	108,660,000	0.84	913,275
San Gorgonio Pass Water Agency (0.18250%)	GO	372	0	0	0.78	0
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT⁽³⁾						\$ 2,125,956

<i>Authorized and Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable⁽⁴⁾</i>	<i>Amount Applicable</i>
Beaumont Unified School B & I (0.07432%)	GO	372	\$141,000,000	\$49,341,417	1.22%	\$ 601,540
MT San Jacinto Comm (0.01320%)	GO	372	295,000,000	105,000,000	0.08	81,706
San Gorgonio Memorial Healthcare District (0.08692%)	GO	372	108,000,000	0	0.84	0
San Gorgonio Pass Water Agency (0.18250%)	GO	372	0	0	0.78	0
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS						\$ 683,246

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS **\$ 2,809,202**

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT **\$ 10,760,956***
TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS **\$ 11,444,202***

IV. Ratios to Appraised Valuation

Outstanding Land Secured Bonded Debt	13.61:1*
Total Outstanding Bonded Debt	10.92:1*

* Preliminary, subject to change.

(1) Assessed/appraised value is per the Appraisal and as of January 1, 2019.

(2) Amount outstanding is equal to the initial principal amount of the Bonds.

(3) The District has covenanted in the Indenture not to issue additional bonds other than for refunding purposes. See "SOURCES OF PAYMENT FOR THE BONDS—Issuance of Parity Bonds."

(4) Percentage applicable determined by Fiscal Year 2018-19 Equalized Roll Assessed Value information.

Source: Webb Municipal Finance, LLC.

Annual Debt Service for the Bonds has been structured so that Assigned Special Taxes levied on all taxable parcels of Developed Property at buildout, assuming no delinquencies, will generate in each Fiscal Year not less than 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, plus estimated Administrative Expenses, assuming that Special Taxes are levied and collected on such Developed Property in the District pursuant to the Rate and Method.

Based on the principal amount of the Bonds, interest costs and estimated Administrative Expenses, and Fiscal Year 2018-19 tax rates for all other taxing jurisdictions within the District, the total projected Fiscal Year 2019-20 average effective tax rate for Developed Property in the District is approximately 1.94% of the Fiscal Year 2018-19 average assessed value for parcels with improvement values.

The following Table 5 sets forth the estimated total tax obligation of property in the District based on the average home size and an average assessed value (as provided by the County) in the District.

**TABLE 5
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY CANYON)
ESTIMATED AVERAGE FISCAL YEAR 2019-20 TAX OBLIGATION⁽¹⁾**

Average Home Value ⁽²⁾	\$ 359,099
<i>Ad Valorem Property Taxes:</i>	
Basic Levy (1.0000%)	\$ 3,590.99
Beaumont Unified School B & I (0.07432%)	266.88
Gorgonio Memorial Healthcare District (0.08692%)	312.13
San Gorgonio Pass Water Agency (0.18250%)	655.36
Mt. San Jacinto Community College District (0.01320%)	<u>47.40</u>
Total General Property Taxes	\$ 4,872.76
<i>Assessment, Special Taxes & Parcel Charges:</i>	
Flood Control Stormwater/Cleanwater	\$ 3.60
San Gorgonio Hospital Measure D	55.10
CFD 2016-1 Beaumont Service ⁽³⁾	335.44
CFD 2016-1 Beaumont Facilities ⁽⁴⁾	<u>1,706.79</u>
Total Assessment Charges	\$ 2,100.93
Average Total Property Tax	\$ 6,973.68
Average Effective Tax Rate	1.94%

(1) Average Fiscal Year 2018-19 tax rates based upon Fiscal Year 2018-19 Overlapping Taxes and Assessment Rates.

(2) Average Home Value is based upon average assessed values for developed parcels with improvement value for Fiscal Year 2018-19 per Riverside County Equalized Roll data.

(3) The annual Special Tax for Services increases by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year. As that percentage change has not yet been determined for Fiscal Year 2019-20, the projected Fiscal Year 2019-20 Special Tax for Services reflects a 2% increase from what was levied in Fiscal Year 2018-19.

(4) Reflects the District's Average Fiscal Year 2019-20 Special Tax levy for facilities for developed parcels with an assessed value for improvements.

Source: Webb Municipal Finance, LLC, based on assessed value information provided by the County.

Delinquency History

Fiscal Year 2016-17 was the first fiscal year in which Special Taxes were levied within the District. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table 6 below summarizes the Special Tax delinquencies within the District for Fiscal Years 2016-17 through the first installment of Fiscal Year 2018-19, as of January 16, 2019.

**TABLE 6
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY CANYON)
SPECIAL TAX LEVIES, DELINQUENCIES, AND DELINQUENCY RATES
FISCAL YEARS 2016-17 THROUGH 2018-19⁽¹⁾**

Fiscal Year	Amount Levied	Parcels Levied	Delinquencies Following Fiscal Year End			Delinquencies as of January 16, 2019		
			Parcels Delinquent	Amount Delinquent	Percent Delinquent	Parcels Delinquent	Amount Delinquent	Percent Delinquent
2016-17 ⁽²⁾	\$19,884.00	10	0	\$ 0.00	0.00%	0	\$ 0.00	0.00%
2017-18	113,547.00	61	0	0.00	0.00	0	0.00	0.00
2018-19 ⁽³⁾	257,725.00	302	N/A	N/A	N/A	8	7,178.00	2.79

⁽¹⁾ Delinquency information is as of January 16, 2019.

⁽²⁾ The Special Tax was first levied in Fiscal Year 2016-17.

⁽³⁾ Fiscal Year 2018-19 includes information for the first installment only.

Source: Webb Municipal Finance, LLC and Riverside County Tax Collector

Top Taxpayers

As of January 1, 2019, individual homeowners owned 301 of the 372 parcels in the District. Based on ownership and development status as of January 1, 2019, individual homeowners are projected to be responsible for 88.11% of the Special Taxes to be levied in Fiscal Year 2019-20, with D.R. Horton and Woodside projected to be responsible for 3.86% and 8.02%, respectively. The District is not aware of any individual, other than DR Horton and Woodside, who owns more than one parcel within the District.

PROPERTY OWNERSHIP AND THE DEVELOPMENTS

The information regarding the development and ownership of the Property contained under this caption, "PROPERTY OWNERSHIP AND THE DEVELOPMENT," has been provided by representatives of SDC Fairway Canyon, LLC, a Delaware limited liability company (the "Developer"), Argent Management LLC, a Delaware limited liability company ("Argent Management"), KB Home, California LLC, a Delaware limited liability company ("KB Home"), Western Pacific Housing, Inc., a Delaware corporation ("D.R. Horton) and Woodside 05S, LP, a California limited partnership ("Woodside") and has not been independently confirmed or verified by the Underwriter, the City or the District. The Underwriter, the City and the District make no representation as to the accuracy or adequacy of the information contained under this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Bonds nor the Special Taxes securing the Bonds are personal obligations of the Developer, KB Home, D.R. Horton, Woodside or any affiliate thereof, or any other property owner and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner or any affiliate thereof. See "SPECIAL RISK FACTORS" herein."

Property Ownership in the District

Property in the District (the "Property") consists of 372 single family lots owned as of January 1, 2019 as follows:

<u>Property Owner</u>	<u>Number of Lots</u>
D.R. Horton	12
Woodside	59
Individual Homeowners	<u>301</u>
TOTAL	<u>372</u>

The Developer has completed all backbone and in-tract infrastructure needed to develop the Property and does not currently own any of the Property.

The 372 single family lots were created by the following maps:

<u>Map</u>	<u>Date Recorded</u>	<u>Number of Lots</u>
31462-7	September 28, 2015	148
31462-8	May 3, 2017	130
36558	December 20, 2016	<u>94</u>
TOTAL		<u>372</u>

The Project

General. Fairway Canyon in Beaumont, California, is a 985-acre master-planned community entitled for up to 3,300 dwelling units that is in active development. Besides homes and recreational features, this community also features 30 acres of commercial and retail uses. Over 1,600 homes have been constructed within the Fairway Canyon project. The balance of the property within the District not being used to construct homes is anticipated to be used for recreational facilities, parks and open space, including a 7 acre neighborhood park to be constructed by the Developer. The Developer estimates that the park will cost approximately \$1.8 million and will be completed by early December 2020. The Developer has set aside the funds necessary to construct the park and can draw upon them at any time. Completion of the park is not a condition of completing development within the District.

The Developer. As previously defined in this Official Statement, “Developer” refers to SDC Fairway Canyon, LLC, a Delaware limited liability company, which is owned by SDC Fairway Delta JV, LLC, which is a joint venture owned by the following entities: Colfin FCDC Funding, LLC, DREF II CA LLC, DREF II CA II LLC, DREF II CA III LLLC, DREF II CA IV LLC, and FCDC Communities, LLC. Neither SDC Fairway Canyon, LLC nor SDC Fairway Delta JV, LLC has any officers. SDC Fairway Delta JV, LLC has managing members and an administrative member. Colfin FCDC Funding, LLC and the DREF entities are the managing members. FCDC Communities, LLC is the administrative member. Argent Management’s has been engaged as the development manager of the Project to manage the Developer.

The Developer has entered into a Development Management Agreement with Argent Management to perform development management functions with respect to the Project. Argent Management provides asset management services throughout the United States. As of January 15, 2019, and including the development within the District, Argent Management has 15 active projects under management that are anticipated to result in the construction of over 17,000 residential units in 5 states. Examples of some of Argent Management’s projects include the following:

- Summerwind Trails in Calimesa, California is a 2,500-acre master-planned community entitled for up to 3,841 residential units, including 2,356 single-family, 684 garden court and 643 townhome units. The project will also include a 260-acre town center, 1,400 acres of open space with trails, over 80 acres of public parks, and a community recreation center. Phase 1 of the project includes 633 single-family residential lots and is currently under construction.
- Oak Knoll in Oakland, California, is a master-planned community on the former site of the Naval Hospital Oakland. At build-out, the project will include 935 single-family and townhome units, 72,000 square feet of commercial retail space, and 76 acres of public parks and open space. The project just commenced construction in July 2018.
- Potomac Shores in Prince William County, Virginia, is a 1,920-acre mixed-use, master-planned waterfront community entitled for more than 3,800 homes and is under

development along the Potomac River south of Washington, D.C. The development includes a new Jack Nicklaus Signature Golf Course and clubhouse, multiple recreation buildings, and miles of community trails. Over 600 homes have been constructed within the Potomac Shores project.

- Edge-On-Hudson in Sleepy Hollow, New York, is a mixed-use, transit-oriented riverfront community entitled for 1,177 condos, townhomes and apartments, over 100,000 square feet of retail space, and 35,000 square feet of office space. Key amenities include a 1.5-mile waterfront promenade, riverview shopping and dining, health club and spa, recreational facilities, over 24 acres of community parks and gardens, and a 140-room boutique hotel.
- ShadowGlen in Manor, Texas, is a 1,400-acre master-planned community entitled for 3,000 residences and a 50-acre commercial/retail center. It is under development approximately 14 miles east of downtown Austin and also features a four-acre water park and recreation center and over 500 acres of open space and parks.
- Scenic Greens in Dripping Springs, Texas is a 700-acre residential development entitled for up to 912 lots, leaving approximately 470 acres of open space for trails and parks. The lot sizes vary between 50 and 70 foot widths. Scenic Greens is located within the “Hill Country” west of Austin, approximately 3.6 miles west of the intersection of Ranch Road 12 and Highway 290 near McGregor Lane.
- Golden City in Murrieta, California consists of 248 acres and is entitled for up to 495 single-family residential lots, 42 acres of Business Park, a 5.3 acre fire station, plentiful open space, and an 11.6 acre public park. The residential lots are nearly 75 percent complete. In May 2007 the Physicians Hospital of Murrieta purchased 30 acres (from the 42 acres) to construct the Loma Linda University Medical Center, which opened in 2011.

With respect to the property in the District, Argent Management has performed and is performing the master developer work, including the re-entitlement, accounting, project and construction management, and sales and marketing of the property to homebuilders.

The Developments

KB Home. KB Home developed the Cherry Blossom at The Fairways neighborhood, which includes 94 single-family homes. As of January 1, 2019, all of the parcels initially owned by KB Home have been conveyed to individual homeowners.

D.R. Horton. D.R. Horton is developing two neighborhoods within the District: Viridian Pointe at The Fairways and Windsor at The Fairways. At buildout, the Viridian Pointe neighborhood will contain 66 single-family homes and the Windsor neighborhood will contain 64 single-family homes. As of January 1, 2019, 121 of the 130 single-family homes being developed by D.R. Horton in the District had been completed, with 9 homes remaining under construction, the last of which D.R. Horton estimates will be completed by March 14, 2019. Of the 130 single-family homes, 118 homes had closed escrow to individual homeowners and 9 homes were in escrow to be sold to individual homeowners, all as of January 1, 2019. However, homes in escrow may not result in closed escrows as sales contracts are subject to cancellation.

Woodside. Woodside is developing the Oak Ridge at The Fairways neighborhood within the District. The Oak Ridge neighborhood of the District is projected to contain 148 single-family homes at buildout, with construction expected to be completed in October of 2019. As of January 1, 2019, Woodside owned 59 parcels within the District, of which 9 contained completed and unsold homes, 17 contained homes under construction and 33 were in finished lot condition without any home construction thereon. Of the 59 parcels owned by Woodside, as of January 1, 2019, 16 were in escrow to be sold to individual homeowners. However, homes in

escrow may not result in closed escrows as sales contracts are subject to cancellation. See the captions “—The Merchant Builders—*Woodside Development Plan*” and “—*Woodside Financing Plan*” for more information regarding Woodside’s development of a portion of the District.

The Merchant Builders

D.R. Horton. As previously defined in this Official Statement, “D.R. Horton” refers to Western Pacific Housing, Inc., a Delaware corporation, which is a subsidiary of D.R. Horton, Inc., a Delaware corporation (“D.R. Horton, Inc.”), a public company whose common stock is traded on the New York Stock Exchange under the symbol “DHI.” Founded in 1978 and headquartered in Fort Worth, Texas, D.R. Horton constructs and sells homes in 27 states and 81 metropolitan markets of the United States under the names of D.R. Horton, *America’s Builder*, Express Homes, Emerald Homes, Freedom Homes, and Pacific Ridge.

D.R. Horton, Inc is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the SEC. Such filings, particularly, D.R. Horton, Inc’s Annual Report on Form 10-K for the fiscal year ended September 30, 2018, as filed by D.R. Horton, Inc. with the SEC on November 16, 2018 set forth certain data relative to the consolidated results of operations and financial position of D.R. Horton, Inc and its subsidiaries, including Western Pacific Housing, Inc., as of such dates.

On October 5, 2017, D.R. Horton, Inc. announced the acquisition of approximately 75% of the then outstanding shares of Forestar Group, Inc. (NYSE: FOR) (“Forestar”). The transaction establishes a strategic relationship between Forestar and D.R. Horton, Inc. for the supply of developed lots, as an extension of D.R. Horton, Inc.’s strategy of increasing its optioned land and lot position to enhance operational efficiency and returns.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including D.R. Horton, Inc. The address of such Internet web site is www.sec.gov. In addition, the aforementioned material may also be inspected at the offices of the NYSE at 20 Broad Street, New York, NY 10005. All documents subsequently filed by D.R. Horton, Inc. pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

Woodside. As previously defined in this Official Statement, “Woodside” refers to Woodside 05S, LP, a California limited partnership, which is wholly owned by Woodside Group, LLC, a Nevada limited liability company (“Woodside Group”), directly or through its wholly owned subsidiaries. Woodside is owned 99% directly by Woodside Group, as a limited partner. The remaining 1% interest is owned by WDS GP, Inc., a California corporation, as its general partner, which is wholly owned by Woodside Homes of California, Inc., a California corporation, which in turn is wholly owned by Woodside Group. The parent of Woodside Group is Woodside Homes Company, LLC, a Delaware limited liability company.

Woodside Group’s subsidiaries engage in the design, construction, and sale of single family homes under the brand name of “Woodside Homes.” Woodside Homes is one of America’s top 30 homebuilders having built more than 40,000 homes across the United States, with current operations in Arizona, California, Nevada and Utah.

Woodside Homes Company, LLC, through its subsidiaries, currently has six operating divisions. In California, there are three of such operating divisions: (1) Inland Empire/Riverside County, (2) Fresno (Central Valley) and (3) Sacramento. Woodside’s development within the District is being managed by the Inland Empire/Riverside County division.

On February 28, 2017, Sekisui House, Ltd. (“Sekisui House”), acquired all of the membership interests in Woodside Homes Company, LLC pursuant to a Merger Agreement, dated February 27, 2017, by and between Sekisui House and Woodside Homes Company, LLC (the “Merger Agreement”). Pursuant to the Merger Agreement, SH Residential Holdings, LLC, a subsidiary of Sekisui House US Holdings, LLC, which is a wholly-owned subsidiary of Sekisui House, completed the merger of Crayon Special Vehicle-I, LLC, a wholly-owned subsidiary of SH Residential Holdings, LLC and Woodside Homes Company, LLC (the “Merger”), with Woodside Homes Company, LLC being the surviving entity. Immediately following the Merger, Woodside Homes Company, LLC became a wholly-owned subsidiary of SH Residential Holdings, LLC. In addition, North America Sekisui House, LLC, a wholly-owned subsidiary of Sekisui House, became a wholly-owned subsidiary of Sekisui House US Holdings LLC.

Sekisui House is a Japanese public company based in Osaka, whose stock is listed on the Tokyo and Nagoya Stock Exchanges. Woodside Homes Company, LLC does not currently receive significant capital contributions or cash from Sekisui House; however, there is no assurance that Woodside Homes Company, LLC will not receive capital contributions or cash from Sekisui House in the future. See “— Woodside Financing Plan” for a description of Woodside’s current financing plan with respect to its development within the District.

Woodside Development Plan. Woodside is developing the Oak Ridge at The Fairways neighborhood within the District. The Oak Ridge neighborhood of the District is projected to contain 148 single-family homes at buildout, with construction expected to be completed in October of 2019. The table below summarizes the product mix and development status of Woodside’s Oak Ridge neighborhood as of January 1, 2019.

**TABLE 7
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY CANYON)
WOODSIDE
OAK RIDGE
(AS OF JANUARY 1, 2019)**

<i>Plan</i>	<i>Total Units Planned</i>	<i>Estimated Home Square Footage</i>	<i>Closings as of January 1, 2019</i>	<i>Completed Homes/Homes Under Construction⁽¹⁾</i>	<i>Finished Lots</i>	<i>Homes in Escrow⁽²⁾</i>	<i>Base Home Prices⁽³⁾</i>
1	22	2,276	11	3	7	1	\$377,990
2	37	2,620	21	6	10	5	397,990
3	24	2,888	18	4	2	4	396,990
4	36	3,120	21	9	7	3	425,990
5	<u>29</u>	3,669	<u>18</u>	<u>4</u>	<u>7</u>	<u>3</u>	452,990
Total	148		89	26	33	16	

(1) Includes 1 model home.

(2) Homes in escrow may not result in closed escrows as sales contracts are subject to cancellation.

(3) Base sales prices are as of January 1, 2019 and subject to change. Base sales prices exclude Woodside’s estimate of lot premiums, the sale of options and extras and any incentives or price reductions.

Source: Woodside.

Woodside Financing Plan. As of January 1, 2019, Woodside had spent approximately \$11,082,311 on land acquisition, and home design and construction costs on its project within the District (exclusive of internal financing repayment sales and marketing costs and expenses, corporate overhead allocation, and other carrying costs). Woodside expects to spend approximately \$6,393,201 in additional site development, permit and impact fees and direct and indirect constructions costs between January 1, 2019 and full build-out of the

homes proposed to be constructed (exclusive of internal financing repayment sales and marketing costs and expenses, corporate overhead allocation, and other carrying costs), which is expected to occur by October 2019.

To date, Woodside has financed its development activities within the District with internal funding, including cash generated from its homebuilding operations and advances from affiliates of its ultimate parent, Woodside Homes Company, LLC. Woodside Homes Company, LLC has a \$330 million unsecured term loan. Woodside Homes Company, LLC also has an unsecured revolving credit facility with borrowing capacity as of December 1, 2018 of \$200 million, subject to a borrowing base. Woodside intends to use the above-described sources of funds to finance the remaining development costs, home construction costs and carrying costs for its development within the District (including property taxes, special assessments and/or special taxes) until Woodside has sold all of its planned single-family detached homes within the District.

Notwithstanding Woodside's belief that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to Woodside will be sufficient to complete the property development and home construction as currently anticipated. While affiliates of Woodside have made such internal financing available in the past, there can be no assurance whatsoever of their willingness or ability to do so in the future. Neither Woodside nor any of its affiliates have any legal obligation of any kind to make any such funds available or to obtain loans. If and to the extent that internal financing and sales revenues are inadequate to pay the costs to complete Woodside's planned development within the District and other financing by Woodside or its affiliates is not put into place, there could be a shortfall in the funds required to complete the proposed development by Woodside and portions of the project may not be developed.

SPECIAL RISK FACTORS

The purchase of the Bonds involves significant risks and is not an appropriate investment for all investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. The Bonds have not been rated by a rating agency. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See “—Property Values” and “—Limited Secondary Market.”

Concentration of Ownership

Based on ownership and development status as of January 1, 2019, approximately 11.88% of the Special Taxes projected to be levied in Fiscal Year 2019-20 will be payable by the merchant builders. In particular, D.R. Horton and Woodside are projected to be responsible for 3.86% and 8.02%, respectively, of the Fiscal Year 2019-20 Special Tax Levy. Failure of the merchant builders, entities affiliated with the merchant builders or any successor(s), to pay the annual Special Taxes when due could result in a draw on the Reserve Account of the Special Tax Fund, and ultimately a default in payments of the principal of, and interest on, the Bonds, when due. No assurance can be given that the merchant builders or any of their successors, will complete the remaining intended construction and development in the District. See “—Failure to Develop Properties.”

Risks of Real Estate Secured Investments Generally

The Bond owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the

market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, fires and floods), which may result in uninsured losses.

No assurance can be given that any future homeowners within the District will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See “—Bankruptcy and Foreclosure” below, for a discussion of certain limitations on the City’s ability to pursue judicial proceedings with respect to delinquent parcels.

Tax Cuts and Jobs Act

H.R. 1 of the 115th U.S. Congress, known as the “Tax Cuts and Jobs Act,” was enacted into law on December 22, 2017 (the “Tax Act”). The Tax Act makes significant changes to many aspects of the Code. For example, the Tax Act reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within the District. However, neither the City nor the District can predict the effect that the Tax Act may have on the cost of home ownership or the price of homes in the District or the ability or willingness of homeowners to pay Special Taxes or property taxes.

Limited Obligations

The Bonds and interest thereon are not payable from the general funds of the City. Except with respect to the Special Taxes, neither the faith and credit nor the taxing power of the District or the City is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Indenture, no owner of the Bonds may compel the exercise of any taxing power by the District or the City or force the forfeiture of any City or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or a legal or equitable pledge, charge, lien or encumbrance upon any of the City’s or the District’s property or upon any of the City’s or the District’s income, receipts or revenues, except the Net Taxes and other amounts pledged under the Indenture.

Insufficiency of Special Taxes

Under the Rate and Method, the annual amount of Special Tax to be levied on each taxable parcel in the District will generally be based on the land use class to which a parcel of Developed Property is assigned. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” and “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Rate and Method of Apportionment of Special Tax.*”

In order to pay debt service on the Bonds, it is necessary that the Special Taxes be paid in a timely manner. The District will establish and fund upon the issuance of the Bonds a Reserve Account of the Special Tax Fund in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent other funds are not available. See “SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund.” The District will covenant to maintain in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement subject, however, to the limitation that the District may not levy the Special Tax in the District in any fiscal year at a rate in excess of the maximum amounts permitted under the Rate and Method and the Act. As a result, if a significant number of delinquencies occurs, the District could be unable to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement due to the limitations on the maximum Special Tax. If such defaults were to continue in successive years, the Reserve Account of the Special Tax Fund could be depleted and a default on the Bonds could occur. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Limitation on Special Tax Levy and Potential Impact on Coverage.*”

The District will covenant in the Indenture that, under certain conditions, it will institute foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Proceeds of Foreclosure Sales*” for provisions which apply in the event of such foreclosure and which the District is required to follow in the event of delinquencies in the payment of the Special Tax.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds (if the Reserve Account of the Special Tax Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the District of the proceeds of sale. The District may adjust the future Special Tax levied on taxable parcels in the District, subject to the limitation on the maximum Special Tax, to provide an amount required to pay interest on, principal of, and redemption premiums, if any, on the Bonds, and the amount, if any, necessary to replenish the Reserve Account of the Special Tax Fund to an amount equal to the Reserve Requirement and to pay all current expenses. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against taxable parcels in the District will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the maximum Special Tax rates. See “—Bankruptcy and Foreclosure” for a discussion of potential delays in foreclosure actions.

The Rate and Method governing the levy of the Special Tax provides that no Special Tax shall be levied on property that is not located in the District. No Special Tax shall be levied on Exempt Property. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” If for any reason property within the District becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Rate and Method governing the levy of the Special Tax provides that, once a parcel is classified as Taxable Property, it will remain subject to a Special Tax levy even if it is subsequently acquired by a public agency. The Act provides that, if any property within the District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within the District was to become owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

Natural Disasters

The District, like all California communities, may be subject to unpredictable seismic activity, fires, floods, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, and property within the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within the District is not located in an Alquist Priolo Earthquake Study Zone though it is located less than 10 miles from the San Andreas Fault. The District is not located in a flood plain area.

In recent years, wildfires have caused extensive damage throughout the State. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. Additionally, wildfires increase the risk of mudslides in areas like the District that are surrounded by hillsides. In general, property damage due to wildfire or mudslides could result in a significant decrease in the market value of property in the District and in the ability or willingness of property owners to pay Special Taxes.

Western Riverside County, in which the District is located, has previously experienced large scale wildfires that resulted in the destruction of homes and businesses. According to the City's Municipal Code, which incorporates portions of the County's Ordinance 787 and the California Fire Code by reference, the District is not located in a Very High Fire Hazard Severity Zone. More information regarding Fire Hazard Severity Zones, including the most recent Fire Hazard Severity Zone Maps, can be found at the California Department of Forestry and Fire Protection website at <http://frap.fire.ca.gov/index>, though such website is not incorporated herein by reference. Homeowner's insurance is available to property owners within the District, and the coverage provided by such insurance typically insures against fire damage, although there is no assurance that homeowners within the District will purchase or maintain such insurance.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Hazardous Substances

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming the owner, will become obligated to remedy the condition just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling such substance. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency and the willingness or ability of the owner of any parcel to pay the Special Tax installments.

The value of the taxable property within the District, as set forth in the various tables in this Official Statement, does not reflect the presence of any hazardous substance or the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the property. The District has not independently verified, but is not aware, that any owner (or operator) of any of the parcels within the District

has such a current liability with respect to any such parcel. However, it is possible that such liabilities do currently exist and that the District is not aware of them.

Payment of the Special Tax is not a Personal Obligation of the Property Owners

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Special Tax, the District has no recourse against the property owner.

Property Values

The value of the property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See "THE COMMUNITY FACILITIES DISTRICT—Value-to-Lien Ratios."

The Appraiser has estimated, on the basis of certain definitions, assumptions and limiting conditions contained in the Appraisal Report that as of January 1, 2019, the value (assessed and appraised) of the Taxable Parcels within the District was not less than \$117,498,300, though such conclusion was based on construction status as of December 23, 2018. The Appraisal Report is based on a number of assumptions and limiting conditions as stated in APPENDIX H—"APPRAISAL REPORT." The Appraisal Report does not reflect any possible negative impact which could occur by reason of future slow or no growth voter initiatives, an economic downturn, any potential limitations on development occurring due to time delays, an inability of any landowner to obtain any needed development approval or permit, the presence of hazardous substances or other adverse soil conditions within the District, the listing of endangered species or the determination that habitat for endangered or threatened species exists within the District, or other similar situations.

Prospective purchasers of the Bonds should not assume that the land and improvements within the District could be sold for the amount stated in the Appraisal Report at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of market value of the appraised parcels in the Appraisal, the Appraiser assumes that any sale will be sold in a competitive market after a reasonable exposure time, and assuming that neither the buyer or seller is under duress, which is not always present in a foreclosure sale. See APPENDIX H—"APPRAISAL REPORT AND SUPPLEMENT" for a description of other assumptions made by the Appraiser and for the definitions and limiting conditions used by the Appraiser. Any event which causes one of the Appraiser's assumptions to be untrue could result in a reduction of the value of the land within the District from that estimated by the Appraiser.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, adjusted annually by an amount determined by the County Assessor, generally not to exceed an increase of more than 2% per fiscal year. No assurance can be given that a parcel could actually be sold for its assessed value.

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY—Covenants—*Commence Foreclosure Proceedings.*"

Parity Taxes and Special Assessments

Property within the District is subject to taxes and assessments imposed by other public agencies also having jurisdiction over the land within the District. See “THE COMMUNITY FACILITIES DISTRICT—Direct and Overlapping Indebtedness.”

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See “—Bankruptcy and Foreclosure.”

Neither the District nor the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the District. In addition, the landowners within the District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes and *ad valorem* taxes or assessments. Any such special taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for the property within the District described herein. See “SOURCES OF PAYMENT FOR THE BONDS” and “THE COMMUNITY FACILITIES DISTRICT—Direct and Overlapping Indebtedness” and “—Value-to-Lien Ratios.”

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value is sufficient may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The District has caused a notice of the Special Tax to be recorded in the Office of the Recorder for the County of Riverside against each parcel. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within the District or lending of money thereon.

The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a special tax under the Act of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the properties within the District on the regular *ad valorem* property tax bills sent to owners of such properties by the County of Riverside Tax Collector. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY—Covenants—*Commence Foreclosure Proceedings*” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See “—Bankruptcy and Foreclosure” for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessment and limitations on the District’s ability to foreclosure on the lien of the Special Taxes in certain circumstances.

The District does not participate in the County’s Teeter Plan. Accordingly, the collection of Special Taxes is subject to delinquencies. See “THE COMMUNITY FACILITIES DISTRICT—Delinquency History” for a discussion on delinquent Special Taxes in the District.

FDIC/Federal Government Interests in Properties

General. The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

The supremacy clause of the United States Constitution reads as follows: “This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding.”

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association (“FNMA”) is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. The FDIC’s policy statement regarding the payment of state and local real property taxes (the “Policy Statement”) provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the

institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from special taxes under the Act.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Account and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Bankruptcy and Foreclosure

Bankruptcy, insolvency and other laws generally affecting creditors' rights could adversely impact the interests of owners of the Bonds in at least two ways. First, the payment of property owners' taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Proceeds of Foreclosure Sales*." In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

Second, the Bankruptcy Code might prevent moneys on deposit in the Acquisition and Construction Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner or other party and if the court found that the landowner or other party had an interest in such moneys within the meaning of Section 541(a)(1) of the Bankruptcy Code.

Although a bankruptcy proceeding would not cause the Special Taxes to become extinguished, the amount of any Special Tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in prosecuting Superior Court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of delinquent Special Tax installments and the possibility of delinquent Special Tax installments not being paid in full.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a

petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be “administrative expenses” of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes.

The Bankruptcy Reform Act of 1994 (the “Bankruptcy Reform Act”) included a provision which excepts from the Bankruptcy Code’s automatic stay provisions, “the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state if such tax comes due after the filing of the petition [by a debtor in bankruptcy court].” This amendment effectively makes the *Glasply* holding inoperative as it relates to *ad valorem* real property taxes. However, it is possible that the original rationale of the *Glasply* ruling could still result in the treatment of post-petition special taxes as “administrative expenses,” rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings.

According to the court’s ruling, as administrative expenses, post-petition taxes would be paid, assuming that the debtor had sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise), it would at that time become subject to current *ad valorem* taxes.

The Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as *ad valorem* taxes. No case law exists with respect to how a bankruptcy court would treat the lien for Special Taxes levied after the filing of a petition in bankruptcy court. *Glasply* is controlling precedent on bankruptcy courts in the State. If the *Glasply* precedent was applied to the levy of the Special Taxes, the amount of Special Taxes received from parcels whose owners declare bankruptcy could be reduced.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. Pursuant to the Indenture, an owner is given the right for the equal benefit and protection of all owners of the Bonds similarly situated to pursue certain remedies described in APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—EVENTS OF DEFAULT; REMEDIES” and “—Limitations on Remedies.”

Loss of Tax Exemption

As discussed under the caption “TAX MATTERS” herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Indenture with respect to compliance with certain provisions of the Internal Revenue Code of 1986. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the District has committed to

provide certain statutorily required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. See "CONTINUING DISCLOSURE." Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Proposition 218

An initiative measure commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." The provisions of the Initiative as they may relate to community facilities district are subject to interpretation by the courts. The Initiative could potentially impact the Special Taxes available to the District to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIII C states that ". . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

"Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution."

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Bonds.

It may be possible, however, for voters or the City Council, acting as the legislative body of the District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to do so, the District will covenant that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates on parcels within the District. In connection with the foregoing covenant, the City Council has made a legislative finding and determination that any elimination or reduction of Special Taxes below the foregoing level would interfere with the timely retirement of the Bonds. The District will also covenant that, in the event an initiative is adopted which purports to alter the Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

The California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997) (the “San Diego Decision”). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego (“San Diego”). The CCFD is a financing district much like a community facilities district established under the provisions of the Act. The CCFD is comprised of all of the real property in San Diego. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

The election authorizing the special tax was limited to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located. Thus, the election was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was modeled after Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because Article XIII A, Section 4 thereof and Article XIII C, Section 2 thereof require that the electors in such an election be the registered voters within the district.

The facts of the San Diego Decision show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The elections held in the District had less than 12 registered voters at the time of the election to authorize the Special Tax. In the San Diego Decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court’s holding does not apply to the Special Tax election in the District. Moreover, Section 53341 of the Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds.

The interpretation and application of Article XIII C and Article XIII D will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See “SPECIAL RISK FACTORS—Limitations on Remedies.”

No Ratings – Limited Secondary Market

The District has not applied to have the Bonds rated by any nationally recognized bond rating company, and it does not expect to do so in the future. See “—Limited Secondary Market.”

Ballot Initiatives

Articles XIII A, XIII B, XIII C and XIII D were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. On March 6, 1995, in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, or local districts to increase revenues or to increase appropriations within the District.

Potential Early Redemption of Bonds from Prepayments or Other Sources

Property owners within the District, including DR Horton and Woodside, and any individual property owner, are permitted to prepay their Special Taxes at any time. Such Prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such Prepayments will result in an extraordinary redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the Prepayment. The resulting extraordinary redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See the caption “THE BONDS—Redemption—Extraordinary Redemption from Special Tax Prepayments.”

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor’s rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. The Bonds are not subject to acceleration. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), the District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) website, or other repository authorized under Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the “Rule”), certain annual financial information and operating data concerning the District. The District Reports are to be filed not later than February 10 of each year, beginning February 10, 2020. The District Reports will include the audited financial statements of the City, if any are prepared. The District does not currently prepare audited financial statements and does not anticipate doing so in the future. The full text of the Continuing Disclosure Certificate is set forth in APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Notwithstanding any provision of the Indenture, failure of the District to comply with the Continuing Disclosure Certificate shall not be an event of default under the Indenture. However, any Owner or Beneficial Owner of the Bonds may take such action as is necessary and appropriate, including seeking mandate or a judgment for specific performance, to cause the District to comply with its obligations with respect to the Continuing Disclosure Certificate.

In connection with the SEC Order, the BFA conducted a review of noncompliance with all existing continuing disclosure undertakings of the City of Beaumont Community Facilities District No. 93-1 (“CFD No. 93-1”) with respect to bonds issued by the BFA. See the caption “INTRODUCTION—SEC Order.” The BFA identified omissions and deficiencies in prior continuing disclosure filings for Fiscal Years 2003 through 2017. Such omissions and deficiencies included the late filing of annual reports, the late filing of or failure to file the City’s audited financial statements, the failure to file completed information on the status of facilities being constructed with bond proceeds, and information concerning the certificates of occupancy and certificates of final inspection. Such omissions and deficiencies also included the failure to report certain information concerning the assessed valuation date, special tax delinquency data and reserve fund balances, cash flow management fund balances, rate stabilization fund balances, improvement fund balances, residual

fund balances, special escrow fund balances, the aggregate number of building permits issued, statements of the reserve requirement, cash flow management fund requirement and rate stabilization fund requirement, and to link certain annual reports to all relevant CUSIPs. See Appendix G – “SECURITIES AND EXCHANGE COMMISSION ORDER.”

The BFA has caused CFD No. 93-1 to make corrective filings for Fiscal Years 2014 through 2018 with EMMA, including the filing of audited and unaudited financial statements for Fiscal Years 2014 through 2018, supplements to certain prior continuing disclosure annual reports and notices of the failure to file certain continuing disclosure annual reports and audited financial statements.

The City will assist the District in preparing the District Reports. In order to ensure ongoing compliance by the District with its continuing disclosure undertaking, (i) City staff will take steps to ensure that the filing due date is correctly documented in policies and procedures and a single City staff member has been assigned primary responsibility to monitor compliance; and (ii) the City has contracted with a consultant to assist in filing accurate, complete and timely disclosure reports on behalf of the District.

STATE AND FEDERAL INVESTIGATIONS AND CRIMINAL CHARGES INVOLVING FORMER CITY OFFICIALS

On April 22, 2015, the Federal Bureau of Investigation and the Riverside County District Attorney’s Office served search warrants on Beaumont City Hall and two other locations. The search warrants and the subsequent investigation resulted in charges for corruption and embezzlement being brought against seven (7) former City officials: former City Manager Alan Kapanicas, former Economic Development Director David Dillon, former City Planner Ernest Egger, former Finance Director William Aylward, former Police Chief Francis Dennis Coe Jr., former Public Works Director Deepak Moorjani and former City Attorney Joseph Sandy Aklufi. All seven (7) of these former City officials have pled guilty to date with several of them having agreed to pay restitution in connection with their plea arrangements. All of the former officials either resigned or were terminated by 2015.

In addition to the SEC Order described under the caption “INTRODUCTION- SEC Order” and attached as Appendix G, in August 2017, the SEC entered into settlements with former City Manager Alan Kapanicas, the BFA’s former underwriter, O’Connor & Company Securities, Inc., and former investment banker Anthony Wetherbee in connection with the BFA’s failure to meet its annual continuing disclosure obligations from 2003 to 2013. In consenting to the SEC settlement without admitting or denying the findings, Mr. Kapanicas agreed to be barred from participating in any future municipal offerings and pay a penalty of \$37,500. Additionally, in consenting to the SEC settlement without admitting or denying the findings, O’Connor & Company Securities, Inc., agreed to comply with a number of undertakings and pay a \$150,000 penalty, and Mr. Wetherbee agreed to serve a suspension from the securities industry for six (6) months and pay a \$15,000 penalty.

On May 11, 2017, the Riverside County District Attorney on behalf of the Criminal Grand Jury of the County of Riverside filed an indictment against former Beaumont City Councilmember Mark Orozco accusing him of ten (10) felony counts, including attempting to solicit a bribe from Pardee Homes. On September 28, 2017, Mr. Orozco pleaded guilty to one (1) felony count of bribery and one (1) felony count of perjury. Mr. Orozco resigned from the City Council on October 24, 2017, and agreed not to seek another public office.

STATE CONTROLLER INVESTIGATION

In May 2015, the State Controller began an investigation into the City’s internal accounting controls. In November 2015, the State Controller published its report that included a determination that 75 of the 79 internal control elements evaluated were found to be inadequate. In response, the City immediately took action to address the concerns of the State Controller, and the City has revised its internal control practices to

align with the State Controller's recommendations. As a result of the issuance of the audit for Fiscal Year 2016-17, the City believes it is now in compliance with all 79 internal control elements.

GRAND JURY REQUEST FOR DOCUMENTS

On November 1, 2018, the City received a request for documents from the Riverside County Civil Grand Jury (the "Grand Jury Request") seeking, among other things, materials and information concerning the City's community facilities districts, including related contracts and expenditures, the planned use of proceeds from litigation against former city employees, and the findings from the investigation by the SEC. A copy of the Grand Jury Request is attached hereto as Appendix I. The City is fully cooperating with the Grand Jury Request, and believes some of the issues relate to matters which were the subject of the investigations by the Riverside County District Attorney's office. See "STATE AND FEDERAL INVESTIGATIONS AND CRIMINAL CHARGES INVOLVING FORMER CITY OFFICIALS." The City believes that the Grand Jury Request does not impact the validity of the Bonds or the ability of the District to levy the Special Taxes and pay debt service on the Bonds.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District, the City and others and is subject to the condition that the District, the City and others making such representations comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District and the City will covenant to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the

Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of other similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District and the City continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Should interest on the Bonds (including any original issue discount) become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix B.

LEGAL MATTERS

The legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, approving the validity of the Bonds in substantially the form set forth as

Appendix B hereto, will be made available to purchasers at the time of original delivery. Certain legal matters will be passed upon for the District and the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel and for the Underwriter by Kutak Rock LLP, Irvine, California, as counsel to the Underwriter. Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to do so.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds and a certificate of the District to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. Neither the City nor the District is aware of any litigation pending or threatened which questions the existence of the District or the City or contests the authority of the District to levy and collect the Special Taxes or to issue and retire the Bonds.

NO RATING

The District has not made and does not contemplate making application to any rating agency for the assignment of a rating to the Bonds.

UNDERWRITING

The Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Bonds at a price of \$ _____, being \$ _____ aggregate principal amount thereof, [plus] net original issue [premium] of \$ _____ and less Underwriter's discount of \$ _____). The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering price stated on the cover page thereof. The offering price may be changed from time to time by the Underwriter.

FINANCIAL INTERESTS

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel, Municipal Advisor to the City, the Special Tax Consultant, the Trustee and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds. The fees being paid to the Appraiser are not contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

PENDING LEGISLATION

The District is not aware of any significant pending legislation which would have material adverse consequences on the Bonds or the ability of the District to pay the principal of and interest on the Bonds when due.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The execution and delivery of this Official Statement by the City Manager of the City has been duly authorized by the City Council acting in its capacity as the legislative body of the District.

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 2016-1

By: _____
City Manager

APPENDIX A

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2016-1 (FAIRWAY CANYON) OF THE CITY OF BEAUMONT

A Special tax as hereinafter defined shall be levied on and collected in Community Facilities District No. 2016-1 (Fairway Canyon) ("CFD No. 2016-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for "Developed Property", "Final Map Property" and "Undeveloped Property". All of the real property in CFD No. 2016-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Communities Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any ordinary and necessary expense of the City to carry out the administration of CFD No. 2016-1 related to the determination of the amount of levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any City employee whose duties are directly related to the administration of CFD No. 2016-1, and any costs otherwise incurred by the CFD Administrator (whether by the City or designee thereof or both) in order to carry out the authorized purpose of CFD No. 2016-1.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2016-1.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assigned Special Tax" means the Special Tax of that name described in Section D below.

"Backup Special Tax for Facilities" means the Special Tax of that name described in Section E below.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

"Building Permit" means a permit for new construction for a residential dwelling or non-residential structure. For purpose of this definition, "Building Permit" shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Building Square Footage" or "BSF" means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor's Parcel, as determined by the CFD Administrator.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities, the Special Tax Requirement for Services, and providing for the levy and collection of the Special Taxes.

"CFD Boundary Map" means the map recorded at CFD formation, and attached hereto as Exhibit A.

"CFD No. 2016-1" means Community Facilities District No. 2016-1 (Fairway Canyon) established by the City under the Act.

"City" means the City of Beaumont.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 2016-1, or its designee.

"Consumer Price Index" means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

"County" means the County of Riverside.

"Developed Property" means all Assessor's Parcels for which Building Permits were issued on or before March 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor Parcel is associated with a Lot, as determined by the CFD Administrator.

"Dwelling Unit" means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section J, as determined by the CFD Administrator.

"Final Map" means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or the recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which building permits may be issued without further subdivision.

"Final Map Property" means Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

"Fiscal Year" means the period commencing on July 1 of any year and ending the following June 30.

"Land Use Category" means any of the categories listed in the tables included in Section D.

"Lot" means an individual legal lot created by a Final Map for which a Building Permit could be issued.

"Maximum Special Tax" means the Maximum Special Tax for Facilities and Maximum Special Tax for Services.

"Maximum Special Tax for Facilities" means the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 2016-1 in any Fiscal Year on any Assessor's Parcel.

"Maximum Special Tax for Services" means the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 2016-1 in any Fiscal Year on any Assessor's Parcel.

"Minimum Acreage" means the smallest allowable amount of taxable acreage. For CFD No. 2016-1, it shall not be less than 63.04 acres. The acreage per Zone is as follows: (i) Zone 1 - 18.41 acres, (ii) Zone 2 - 33.04 acres, and (iii) Zone 3 - 11.59 acres.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for any type of non-residential use, as determined by the CFD Administrator.

"Operating Fund" means a fund that shall be maintained for CFD No. 2016-1 for any Fiscal Year to pay for the actual costs of providing the Services and the Administrative Expenses attributable to providing such Services.

"Operating Fund Balance" means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Special Tax for Facilities obligation for an Assessor's Parcel, as described in Section H.

"Prepayment Amount" means the amount required to prepay the Special Tax for Facilities obligation in full for an Assessor's Parcel, as described in Section G.

"Proportionately" means that the ratio of the actual Special Tax for Facilities levy to the applicable Special Tax for Facilities is equal for all applicable Assessors' Parcels.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units, as determined by the CFD Administrator.

"Services" means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services, street sweeping, traffic signal maintenance and the maintenance of publicly owned parks, parkways and open spaces, lighting, flood and storm protection services, and the operation of storm drainage systems, collectively the services contained within the boundaries of CFD No. 2016-1 and the City.

"Special Tax" means Special Tax for Facilities and Special Tax for Services.

"Special Tax for Facilities" means any of the special taxes authorized to be levied within CFD No. 2016-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

"Special Tax for Services" means any of the special taxes authorized to be levied by CFD No. 2016-1 pursuant to the Act to fund the Special Tax Requirement for Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax Requirement for Facilities" means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2016-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond Indenture, fiscal agent agreement, or trust agreement.

"Special Tax Requirement for Services" means the amount determined in any Fiscal Year equal to (i) the budgeted costs of providing the Services during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate for the previous Fiscal Year, less (iv) the Operating Fund Balance.

"Taxable Property" means all Assessor's Parcels within CFD No. 2016-1, which are not Exempt Property, as determined by the CFD Administrator.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

"Zone(s)" means Zone 1, 2 or 3 as geographically identified on the CFD Boundary Map, attached as Exhibit A.

"Zone 1" means the specific geographic area as depicted in Exhibit B attached herein containing Assessor's Parcels located along the golf course frontage.

"Zone 2" means the specific geographic area as depicted in Exhibit B attached herein.

"Zone 3" means the specific geographic area as depicted in Exhibit B attached herein.

SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2016-17, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor's Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property.

SECTION C MAXIMUM SPECIAL TAXES

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in the tables included in Section D below or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Annual Special Tax in the tables included in Section D below.
- b. The Maximum Special Tax for Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2016-17 shall be \$314 per unit. The Maximum Special Tax for Services for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in Fiscal Year 2016-17 shall be \$2,010 per Acre. The Maximum Special Tax for Services for each Assessor's Parcel of Residential Property that is classified as Final Map Property in Fiscal Year 2016-17 shall be \$2,010 per Acre.

On each July 1, commencing July 1, 2017, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

2. Final Map Property

The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Final Map Property shall be the Assigned Special Tax.

3. Undeveloped Property

The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Undeveloped Property shall be the Assigned Special Tax.

**SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES**

1. Developed Property

Each Fiscal Year, beginning with Fiscal Year 2016-17, each Assessor’s Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1, Table 2, and Table 3 below.

**TABLE 1
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 1**

Land Use Type	Building Square Footage	Assigned Special Tax
Residential Property	Less than 2,300	\$1,830 per Dwelling Unit
Residential Property	2,300 – 2,799	\$1,863 per Dwelling Unit
Residential Property	2,800 – 3,499	\$1,999 per Dwelling Unit
Residential Property	Greater than 3,499	\$2,150 per Dwelling Unit
Non-Residential Property	N/A	\$11,869 per Acre

**TABLE 2
ASSIGNED SPECIAL FOR FACILITIES TAX RATES
FOR DEVELOPED PROPERTY WITHIN ZONE 2**

Land Use Type	Building Square Footage	Assigned Special Tax
Residential Property	Less than 2,300	\$1,440 per Dwelling Unit
Residential Property	2,300 – 2,799	\$1,600 per Dwelling Unit
Residential Property	2,800 – 3,499	\$1,865 per Dwelling Unit
Residential Property	Greater than 3,499	\$2,019 per Dwelling Unit
Non-Residential Property	N/A	\$9,607 per Acre

**TABLE 3
ASSIGNED SPECIAL FOR FACILITIES TAX RATES
FOR DEVELOPED PROPERTY WITHIN ZONE 3**

Land Use Type	Building Square Footage	Assigned Special Tax
Residential Property	Less than 2,300	\$1,440 per Dwelling Unit
Residential Property	2,300 – 2,799	\$1,600 per Dwelling Unit
Residential Property	2,800 – 3,499	\$1,865 per Dwelling Unit
Residential Property	Greater than 3,499	\$2,019 per Dwelling Unit
Non-Residential Property	N/A	\$12,546 per Acre

2. Final Map Property and Undeveloped Property

Each Fiscal Year, beginning with Fiscal Year 2016-17, each Assessor’s Parcel of Final Map Property and Undeveloped Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor’s Parcel of Final Map Property and Undeveloped Property for any Fiscal Year shall be determined pursuant to the rate per Acre summarized by Zone below.

1. Zone 1 rate per Acre - \$11,869
2. Zone 2 rate per Acre - \$9,607
3. Zone 3 rate per Acre - \$12,546

**SECTION E
BACKUP ANNUAL SPECIAL TAX FOR FACILITIES**

Each Fiscal Year, beginning with Fiscal Year 2016-17, each Assessor’s Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities rate for Developed Property classified as Residential Property within each Zone shall be the rate per Lot calculated according to the following formula:

$$B = \frac{R \times A}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax for Facilities per Lot in each Fiscal Year.
- R = Maximum Special Tax for Facilities rate per Acre for Undeveloped Property
In each Zone for the applicable Fiscal Year.
- A = Acreage of Developed Property classified or to be classified as Residential
Property in such Zone.
- L = Lots in each Zone which are classified or to be classified as Residential
Property.

Notwithstanding the foregoing, if Assessor’s Parcels of Developed Property which are classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax for Facilities for the area that has been changed or modified shall be a rate per square foot of Acreage for each Zone calculated as follows:

1. Determine the total Backup Special Tax for Facilities anticipated to apply to the changed or modified Final Map area prior to the change or modification.

2. The result of paragraph 1 above shall be divided by the Acreage of Developed Property classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the CFD Administrator.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax for Facilities per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax for Facilities may be levied.

**SECTION F
METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES**

1. Commencing Fiscal Year 2016-17 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Facilities on all Taxable Property until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:
 - Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in the tables included in Section D as needed to satisfy the Special Tax Requirement for Facilities.
 - Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
 - Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Annual Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
 - Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Maximum Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.
 - Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property classified as Undeveloped Property pursuant to Section J at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
2. Commencing Fiscal Year 2016-17 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Services on all Taxable Property until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:

Step One: The Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Services after the first step has been completed, the Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax for Services applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Services.

SECTION G PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following additional definitions apply to this Section G:

“CFD Public Facilities” means \$10,000,000 expressed in 2016 dollars, which shall increase by the Construction Inflation Index on January 1, 2017, and on each January 1 thereafter, or such lower amount (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2016-1, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2016-1.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the city of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds issued and secured by the levy of Special Taxes for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes for Facilities.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued or an Assessor's Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by

CFD No. 2016-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor's Parcel. For an Assessor's Parcel classified as Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for the Outstanding Bonds.

8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
11. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to a Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 2016-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION H PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount.
- P_G = the Prepayment Amount calculated according to Section G.
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of CFD No. 2016-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION I TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 2016-1 for uncollected Special Taxes for Facilities associated with the levy of such Special Taxes for Facilities, but no later than 2055-56 Fiscal Year. The Special Tax for Services shall be levied as long as it needed to meet the Special Tax Requirement for Services, as determined at the sole discretion of the City Council.

SECTION J EXEMPTIONS

The City shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than the Minimum Acreage. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than the Minimum Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Acreage will continue to be classified as Undeveloped Property, and will continue to be subject to Special Taxes accordingly.

**SECTION K
APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2016-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

**SECTION L
MANNER OF COLLECTION**

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2016-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**SECTION M
INTERPRETATIONS**

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Bond Counsel will deliver an opinion for the Bonds substantially in the form set forth below:

_____, 2019

City of Beaumont
Community Facilities District No. 2016-1 (Fairway Canyon)
Beaumont, California

*Re: \$ _____ City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon)
 2019 Special Tax Bonds*

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the City of Beaumont (the "City") taken in connection with the authorization and issuance by the City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) (the "District") of its 2019 Special Tax Bonds in the aggregate principal amount of \$ _____ (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), a resolution adopted by the City Council of the City, acting in its capacity as the legislative body of the District (the "Board"), on February 19, 2019, and the Bond Indenture dated as of March 1, 2019 (the "Indenture"), by and between the District and Wilmington Trust, National Association, as trustee. All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture. The Bonds are limited obligations of the District but are not a debt of the City, the County of Riverside, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Special Taxes, neither the faith and credit nor the taxing power of the City, the County of Riverside, the State of California, or any of its political subdivisions is pledged for the payment thereof.

(2) The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses and we express no opinion as to any provisions with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

(4) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

(5) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues for the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and is exempt from State of California personal income tax.

(6) The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinion expressed in paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (3), (4), (5) and (6) above, we express no opinion as to any tax consequences related to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations of the District under the Indenture and the Bonds are subject to and may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

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

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Certain requirements and procedures contained or referred to in the Indenture and Tax Certificate may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in the Indenture and Tax Certificate relating to the Bonds, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

Respectfully submitted,

APPENDIX C

**DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF RIVERSIDE
AND THE CITY OF BEAUMONT**

The Bonds are not obligations of the City of Beaumont (the "City") or the County of Riverside (the "County") and do not represent a lien or charge against any funds or property of the City or the County. The following information is provided only to give prospective investors an overview of the general economic condition of the City, the County and the State of California (the "State").

General

The City was incorporated in 1912 under the General Laws of the State. The City is located approximately 78 miles east of Los Angeles and encompasses an area of 30.9 square miles. The City currently has an estimated population of approximately 48,237 persons.

Population

The following table offers population figures for the City, the County and the State for 2014 through 2018.

<i>Area</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
City of Beaumont	41,920	43,906	45,617	46,730	48,237
County of Riverside	2,291,262	2,317,895	2,346,717	2,382,640	2,415,955
State of California	38,568,628	38,912,464	39,179,627	39,500,973	39,809,693

Source: California State Department of Finance, Demographic Research Unit. March 2010 Benchmark.

Building Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the City and County from 2013 through 2017.

**BUILDING PERMIT VALUATIONS
City of Beaumont
2013-2017**

	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Valuation (\$000):					
Residential	\$81,053	\$73,329	\$78,326	\$85,627	\$121,802
Non-residential	<u>24,017</u>	<u>5,375</u>	<u>6,911</u>	<u>33,002</u>	<u>10,219</u>
Total*	\$105,070	\$79,204	\$85,237	\$118,629	\$132,021
Residential Units:					
Single family	496	435	452	443	715
Multiple family	<u>0</u>	<u>0</u>	<u>0</u>	<u>38</u>	<u>2</u>
Total	496	435	452	481	717

* Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
County of Riverside
2013-2017

	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Valuation (\$000):					
Residential	\$1,375,593	\$1,621,751	\$1,536,742	\$1,759,535	\$1,903,417
Non-residential	<u>873,977</u>	<u>814,990</u>	<u>911,465</u>	<u>1,346,019</u>	<u>1,433,691</u>
Total*	<u>\$2,249,570</u>	<u>\$2,436,741</u>	<u>\$2,448,207</u>	<u>\$3,105,554</u>	<u>\$3,337,108</u>
Residential Units:					
Single family	4,716	5,007	5,007	5,662	6,265
Multiple family	<u>1,427</u>	<u>1,931</u>	<u>1,189</u>	<u>1,039</u>	<u>1,070</u>
Total	6,143	6,938	6,196	6,701	7,335

* Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

Employment

The following tables show the largest employers located in the County as of fiscal year 2017.

LARGEST EMPLOYERS
County of Riverside
2017

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	22,538	County Government
2.	University of California-Riverside	8,686	University
3.	March Air Reserve Base	8,500	Military Reserve Base
4.	Amazon	7,500	Distribution Center
5.	Kaiser Permanente Riverside Medical Center	5,739	Medical Center
6.	Corona-Norco Unified School District	5,399	School District
7.	Riverside Unified School District	4,236	School District
8.	Pechanga Resort and Casino	4,000	Casino & Resort
9.	Riverside University Health Systems-Medical Center	3,876	Medical Center
10.	Eisenhower Medical Center	3,665	Medical Center

Source: County of Riverside Comprehensive Annual Financial Report for the year ending June 30, 2017.

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Employment and Industry

Employment data by industry is not separately reported on an annual basis for the City but is compiled for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the “MSA”), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the MSA has large and growing commercial and service sector employment, as reflected in the table below.

The following table represents the Annual Average Labor Force and Industry Employment for the County for the period from 2013 through 2017.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE

	2013	2014	2015	2016	2017
Civilian Labor Force	1,893,100	1,921,000	1,956,900	1,984,900	2,023,200
Civilian Employment	1,706,800	1,765,300	1,828,200	1,866,600	1,920,400
Civilian Unemployment	186,300	155,700	128,600	118,300	102,800
Civilian Unemployment Rate	9.8%	8.1%	6.6%	6.0%	5.1%
Total Farm	14,500	14,400	14,800	14,600	14,400
Total Nonfarm	1,233,300	1,289,300	1,353,100	1,401,900	1,451,600
Total Private	1,008,100	1,060,500	1,119,800	1,159,600	1,201,600
Goods Producing	158,600	170,200	183,000	191,500	196,600
Mining and Logging	1,200	1,300	1,300	900	900
Construction	70,000	77,600	85,700	92,000	97,000
Manufacturing	87,300	91,300	96,100	98,600	98,700
Service Providing	1,074,700	1,119,100	1,170,100	1,210,500	1,255,000
Trade, Transportation and Utilities	299,700	314,900	333,200	348,100	366,000
Wholesale Trade	56,400	58,900	61,600	62,800	63,700
Retail Trade	164,800	169,400	174,300	178,000	182,100
Transportation, Warehousing and Utilities	78,400	86,600	97,400	107,300	120,200
Information	11,500	11,300	11,400	11,500	11,300
Financial Activities	41,800	42,900	43,900	44,600	44,500
Professional and Business Services	131,900	138,700	147,400	145,000	147,200
Educational and Health Services	187,600	194,800	205,100	214,300	224,800
Leisure and Hospitality	135,900	144,800	151,700	160,200	165,700
Other Services	41,100	43,000	44,000	44,600	45,600
Government	<u>225,200</u>	<u>228,800</u>	<u>233,300</u>	<u>242,300</u>	<u>250,000</u>
Total, All Industries	<u>1,247,800</u>	<u>1,303,700</u>	<u>1,367,900</u>	<u>1,416,600</u>	<u>1,466,000</u>

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The “Total, All Industries” data is not directly comparable to the employment data found in this Appendix C.

Source: State of California, Employment Development Department, March 2017 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for the period from 2013 through 2017 for the City, the County, the State and the nation as a whole.

**CITY OF BEAUMONT,
COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment**

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate (%)⁽³⁾</i>
2013				
Beaumont	18,500	17,400	1,100	5.9%
Riverside County	996,400	897,700	98,700	9.9
State of California	18,625,000	16,958,400	1,666,600	8.9
United States ⁽⁴⁾	155,389,000	143,929,000	11,460,000	7.4
2014				
Beaumont	10,400	18,100	900	4.9%
Riverside County	1,013,500	930,400	83,100	8.2
State of California	18,758,400	17,351,300	1,407,100	7.5
United States ⁽⁴⁾	155,922,000	146,305,000	9,617,000	6.2
2015				
Beaumont	19,500	18,800	800	3.9%
Riverside County	1,035,700	966,300	69,400	6.7
State of California	18,896,500	17,724,800	1,171,700	6.2
United States ⁽⁴⁾	157,130,000	148,834,000	8,296,000	5.3
2016				
Beaumont	19,900	19,200	700	3.6%
Riverside County	1,052,600	988,200	64,500	6.1
State of California	19,093,700	18,048,800	1,044,800	5.5
United States ⁽⁴⁾	159,187,000	151,436,000	7,751,000	4.9
2017				
Beaumont	18,600	18,000	600	3.0%
Riverside County	1,072,500	1,016,200	56,300	5.2
State of California	19,312,000	18,393,100	918,900	4.8
United States ⁽⁴⁾	160,320,000	153,337,000	6,982,000	4.4

(1) Includes persons involved in labor-management trade disputes.

(2) Includes all persons without jobs who are actively seeking work.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

(4) Not strictly comparable with data for prior years.

Source: California Employment Development Department, March 2017 Benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in Riverside County increased by 52% between 2006 and 2017. The following tables summarize personal income for Riverside County for 2006 through 2017.

**PERSONAL INCOME
Riverside County
2006-2017
(Dollars in Thousands)**

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2006	\$62,418,784	N/A
2007	65,610,952	5.1%
2008	66,723,925	1.7
2009	65,369,622	(2.0)
2010	67,568,045	3.4
2011	71,949,357	6.5
2012	74,075,529	3.0
2013	76,493,787	3.3
2014	80,637,967	5.4
2015	86,092,487	6.8
2016	90,273,976	4.9
2017	95,140,992	5.4

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita personal income for Riverside County, California and the United States for 2006-2017. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

**PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2006-2017**

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2006	\$31,018	\$42,139	\$38,114
2007	31,617	43,669	39,844
2008	31,627	43,895	40,904
2009	30,451	42,050	39,284
2010	30,685	43,609	40,545
2011	32,179	46,145	42,727
2012	32,707	48,751	44,582
2013	33,383	49,173	44,826
2014	34,732	52,237	47,025
2015	36,603	55,679	48,940
2016	37,827	57,497	49,831
2017	39,261	59,796	51,640

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Taxable Sales

The table below presents taxable sales for the years 2011 through the third quarter of 2017⁽¹⁾⁽²⁾ for the City.

TAXABLE SALES
City of Beaumont
2011-2017⁽¹⁾⁽²⁾
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2011	1,016	\$317,192
2012	1,101	334,876
2013	1,046	352,449
2014	1,064	370,748
2015 ⁽¹⁾	1,219	394,992
2016	1,264	414,905
2017 ⁽²⁾	1,232	312,756

⁽¹⁾ Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.

⁽²⁾ Through third quarter of 2017.

Source: "Taxable Sales in California (Sales & Use Tax)" - California State Board of Equalization.

The table below presents taxable sales for the years 2011 through the third quarter of 2017⁽¹⁾⁽²⁾ for the County.

TAXABLE SALES
County of Riverside
2011-2017⁽¹⁾⁽²⁾
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2011	46,886	\$25,641,497
2012	46,316	28,096,009
2013	46,805	30,065,467
2014	48,453	32,035,687
2015 ⁽¹⁾	56,846	32,910,909
2016	57,742	34,231,143
2017 ⁽²⁾	57,803	29,135,918

⁽¹⁾ Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.

⁽²⁾ Through third quarter of 2017.

Source: "Taxable Sales in California (Sales & Use Tax)" - California State Board of Equalization.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE

The following is a summary of certain definitions and provisions of the Indenture which is not described elsewhere in the Official Statement. This Summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of its provisions.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated _____, 2019 (the "Disclosure Certificate") is executed and delivered by City of Beaumont Community Facilities District No. 2016-1 (Fairway Canyon) (the "District") in connection with the issuance and delivery by the District of its \$_____ 2019 Special Tax Bonds (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted on February 19, 2019, by the City Council of the City of Beaumont, acting as the legislative body of the District, and the Bond Indenture dated as of March 1, 2019, by and between the District and Wilmington Trust, National Association, as trustee. The District covenants as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Section 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

"City" means the City of Beaumont.

"Disclosure Representative" shall mean the City Manager, or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean, initially, Webb Municipal Finance, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the then current Dissemination Agent a written acceptance of such designation.

"District" shall mean City of Beaumont Community Facilities District No. 2016-1.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

"Official Statement" shall mean that certain Official Statement for the Bonds dated _____, 2019.

"Owners" shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

“Trustee” means Wilmington Trust, National Association or such other entity appointed by the District pursuant to the Indenture to act as the trustee under the Indenture.

“Underwriter” shall mean any underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Section 3. Provision of Annual Reports.

(a) The District shall, or, if the Dissemination Agent is other than the District, upon written direction shall cause the Dissemination Agent to, not later than February 10 after the end of the District’s Fiscal Year (June 30) commencing with the report due by February 10, 2020, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) In the event that the Dissemination Agent is an entity other than the District, then the provisions of this Section 3(b) shall apply. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report, the District shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to the due date for an Annual Report the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District will be filing the Annual Report in compliance with subsection (a). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in subsection (a), the Dissemination Agent shall send, in a timely manner, a notice to EMMA, in the form required by EMMA.

(d) If the Dissemination Agent is other than the District, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the repository if other than the MSRB through EMMA; and

(ii) promptly after receipt of the Annual Report, file a report with the District certifying that the Annual Report has been provided to EMMA and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the City for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the City may, from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the City shall modify the basis upon which its financial statements are prepared, the District shall provide the information referenced in Section 8 below regarding such modification. If the City is preparing audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following:

(i) the principal amount of the Bonds outstanding as of the September 2 preceding the filing of the Annual Report;

(ii) the balance in each fund under the Indenture and the Reserve Requirement as of the September 30 preceding the filing of the Annual Report;

(iii) any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors of the District for approval prior to the filing of the Annual Report;

(iv) an update of the value-to-lien ratio for the District substantially in the form of Table 2 in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year;

(v) the status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes;

(vi) a statement whether the District has been included in the County of Riverside's Teeter Plan;

(vii) a description of the collection and delinquency rate of Special Taxes in the District for the Fiscal Year then ended; and

(viii) any information not already included under (i) through (vii) above that the District is required to file in its annual report pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, with the California Debt and Investment Advisory Commission.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB through EMMA. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause the Dissemination Agent to give, notice filed with the Repository of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in paragraph 5(a)(5) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
3. appointment of a successor or additional paying agent or the change of the name of a paying agent;
4. nonpayment related defaults;
5. modifications to the rights of Owners of the Bonds;
6. bond calls;
7. release, substitution or sale of property securing repayment of the Bonds; and
8. incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bond holders.

(c) Upon the occurrence of a Listed Event under Section 5(b) above, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The District hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the District and that the Dissemination Agent, if other than the District, shall not be responsible for determining whether the District's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(f) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule and a continuing disclosure undertaking has been entered into. The District intends the words identified in subparagraphs (a)(10) and (b)(8) under this Section 5, and the term "financial obligation" used therein have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018 and/or any future guidance or releases provided by the Securities and Exchange Commission.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Webb Municipal Finance, LLC. The Dissemination Agent, if other than the District, shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination

Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the District. The Dissemination Agent may resign by providing thirty (30) days written notice to the District and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver is related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Trustee at the written direction of any Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate, but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorney. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Where an entity other than the District is acting as the Dissemination Agent, the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

District: City of Beaumont
Community Facilities District No. 2016-1
55 East Sixth Street
Beaumont, CA 92223
Attn: City Manager

Underwriter: Piper Jaffray & Co.
120 Vantis Drive
Aliso Viejo, CA 92656
Attn: Public Finance

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

This Disclosure Certificate is executed as of the date and year first set forth above.

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 2016-1

By: _____
Disclosure Representative

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts

such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as prepayments, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

THE PAYING AGENT, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX G
SECURITIES AND EXCHANGE COMMISSION ORDER

APPENDIX H
APPRAISAL REPORT

APPENDIX I
GRAND JURY REQUEST FOR DOCUMENTS

Staff Report

TO: Mayor and City Council Members
 FROM: Kari Mendoza, Administrative Services Director
 DATE: February 19, 2019
 SUBJECT: Authorize Employment Contract with Community Development Director

Background and Analysis:

Christina Taylor was appointed as the Interim Community Development Director in November 2018. Since then she has proven herself as a knowledgeable, hardworking Director. She represents herself and the City with professionalism. She has over ten years of experience in the planning and land development field, both private and public sector. She holds a Bachelor of Arts in Geography and a Master's in Public Administration from California State University San Bernardino.

The City Manager negotiated the terms and conditions and the City Attorney has reviewed and approved the language in the contract. Attached is the employment contract for your review.

Fiscal Impact:

Contract provides for an annual fully loaded fiscal impact of \$196,472 to be paid out of the budget for Building and Planning 1350 personnel cost accounts.

Finance Director Review:  _____

Recommendation:

1. Approve the Employment Contract with Christina Taylor and authorize the Mayor to sign the agreement.

City Manager Review:  _____

Attachments:

- A. Employment Agreement
- B. Job Description

Attachment A
Employment Agreement

COMMUNITY DEVELOPMENT DIRECTOR EMPLOYMENT AGREEMENT

This COMMUNITY DEVELOPMENT DIRECTOR EMPLOYMENT AGREEMENT (hereinafter referred to as the "AGREEMENT") is entered into and made effective the 19th day of February 2019, by and between the CITY OF BEAUMONT, (hereinafter referred to as the "CITY"), and Christina Taylor, an individual (hereinafter referred to as "EMPLOYEE"). For purposes of this AGREEMENT, CITY and EMPLOYEE may be collectively referred to as the "Parties" or individually as a "Party."

RECITALS

COMMUNITY DEVELOPMENT DIRECTOR

WHEREAS, based on EMPLOYEE's executive and administrative qualifications and ability, the CITY MANAGER desires to appoint EMPLOYEE to serve as the COMMUNITY DEVELOPMENT DIRECTOR for CITY; and

WHEREAS, EMPLOYEE desires to perform and assume responsibility for the provision of COMMUNITY DEVELOPMENT DIRECTOR services to CITY; and

WHEREAS, EMPLOYEE and CITY acknowledge and agree that this Agreement is not covered by and shall supersede the Memorandum of Understanding between City of Beaumont and Managers as Individuals Effective January 1, 2018 ("Managers Group MOU"); and

WHEREAS, the Parties wish to establish the terms and conditions of EMPLOYEE's provision of professional services to CITY through this AGREEMENT.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, CITY and EMPLOYEE hereby agree as follows:

1. POSITION, DUTIES AND TERM.

1.1 Incorporation of Recitals. The above recitals are incorporated herein and made a part of this Agreement.

1.2 Position. EMPLOYEE accepts employment with CITY as its COMMUNITY DEVELOPMENT DIRECTOR and shall perform all functions, duties and services set forth in Section 1.5 (Duties) of this Agreement.

1.3 Effective Date of Agreement/Term. This Agreement is for an unspecified term and is subject to the "At-Will" provision in Section 1.4 and termination provision in Section 4.

1.4 Employment with CITY "At-Will".

(a) EMPLOYEE's employment status with CITY shall be at-will and terminable with or without cause, at the CITY'S unilateral discretion. EMPLOYEE shall serve

at the pleasure of the City Manager. EMPLOYEE acknowledges, understands and agrees that EMPLOYEE may not avail himself/herself of any procedures, provisions or protections set forth under CITY's Employment Policies, as defined herein, in so far as such procedures, provisions or protections limit, restrict, modify, prohibit or regulate EMPLOYEE's status as an "at-will" employee of CITY or the ability of the City Manager to terminate EMPLOYEE's employment at any time for cause or for convenience and without cause. For purposes of this Agreement, the capitalized term "Employment Policies" means and refers to any ordinance, resolution, regulation, rule, memorandum of understanding, or other written policy of CITY as the same may be amended, modified or supplemented from time-to-time, and any written employment manual of the CITY which governs, regulates or otherwise relates to employment with CITY. CITY's Employment Policies shall not apply to EMPLOYEE in so far as such Employment Policies limit, restrict, modify or regulate (or may be interpreted to limit, restrict, modify or regulate) EMPLOYEE's status as an "at-will" employee of CITY. EMPLOYEE shall otherwise comply with all Employment Policies established by the CITY.

(b) Except as otherwise provided under Section 4 (Termination) of this Agreement, EMPLOYEE shall not be entitled to any pre-termination hearing or other similar proceeding or appeal proceeding as a precondition to any decision or action by the City Manager to terminate EMPLOYEE's employment whether for cause or for convenience and without cause. EMPLOYEE shall also not be entitled to any post-termination appeal proceedings.

(c) Nothing in this Agreement shall confer upon EMPLOYEE any right to any property interest in continued employment with CITY.

1.5 Duties. EMPLOYEE shall serve as the COMMUNITY DEVELOPMENT DIRECTOR and shall be vested with the powers, duties and responsibilities of the COMMUNITY DEVELOPMENT DIRECTOR as set forth in the Beaumont Municipal Code, as the same may be amended or modified from time-to-time by the City Council, the California Code, and CITY's policies and procedures approved by the City Council, as may be provided from time to time. EMPLOYEE's performance of EMPLOYEE's duties shall be subject to the direction of the City Manager. It is the intent of the Parties that the COMMUNITY DEVELOPMENT DIRECTOR keeps the City Manager fully informed of all significant operations or major undertakings of the Department. EMPLOYEE shall provide the City Manager with regular status reports on the operations and activities of EMPLOYEE'S Department. EMPLOYEE shall perform such duties as are customary and appropriate to the position of COMMUNITY DEVELOPMENT DIRECTOR as well as such special duties as may be assigned to COMMUNITY DEVELOPMENT DIRECTOR from time to time by the City Manager. Notwithstanding EMPLOYEE's duties as COMMUNITY DEVELOPMENT DIRECTOR, nothing in this Agreement shall be construed to prohibit direct communications between the City Manager and employees within EMPLOYEE'S Department. EMPLOYEE shall attend all City Council meetings, unless excused or directed otherwise by the City Manager.

1.6 Work Hours. The position of COMMUNITY DEVELOPMENT DIRECTOR is an exempt position under state and federal wage and hour laws. EMPLOYEE's compensation (whether salary or benefits or other allowances) is not based on hours worked. EMPLOYEE shall not be entitled to any compensation for overtime, missed meal or rest periods, reporting

time, or any other wage and hour benefits conferred upon non-exempt employees under state or federal wage and hour laws, including regulations propounded in applicable Industrial Welfare Orders. EMPLOYEE is expected to engage in those hours of work that are necessary to fulfill the obligations of the COMMUNITY DEVELOPMENT DIRECTOR's position. The COMMUNITY DEVELOPMENT DIRECTOR does not have set hours of work as the COMMUNITY DEVELOPMENT DIRECTOR is expected to be available at all reasonable and relevant times.

1.7 Regional and Professional Activities. CITY desires that EMPLOYEE be reasonably active in professional organizations that will promote the standing of CITY and advance CITY's goals, interests and policy objectives while also providing EMPLOYEE with opportunities for the type of professional development that will enhance EMPLOYEE'S ability to serve CITY and perform EMPLOYEE'S duties as COMMUNITY DEVELOPMENT DIRECTOR. Toward this end, EMPLOYEE may, upon reasonable notice and approval by the COMMUNITY DEVELOPMENT DIRECTOR, join professional organizations and participate in the activities of such organizations in so far as such participation promotes the interests of CITY and does not unduly interfere with the performance of EMPLOYEE's duties as COMMUNITY DEVELOPMENT DIRECTOR. CITY agrees to budget and, consistent with that budget, pay for the dues, conference and travel fees, and subscriptions of the COMMUNITY DEVELOPMENT DIRECTOR necessary for EMPLOYEE'S participation in national, statewide, regional or professional organizations.

1.8 Non-CITY Activities. In accordance with Government Code Section 1126, during the period of EMPLOYEE'S employment, EMPLOYEE shall not accept, without the express prior written consent of the City Manager, any other employment or engage, directly or indirectly, in any other business, commercial, or professional activity (except as permitted under Section 1.7 (Regional and Professional Activity), whether or not to pecuniary advantage, that is or may be competitive with CITY, that might cause a conflict of interest with CITY, or that otherwise might interfere with the business or operation of CITY or the satisfactory performance of EMPLOYEE's duties as COMMUNITY DEVELOPMENT DIRECTOR.

1.9 Restriction on Outside Business Activities. During his employment, EMPLOYEE shall devote his full business time, energy, and ability exclusively to the business and interests of CITY, and shall not, without prior written consent of City Manager, render services to others of any kind for compensation, or engage in other business activity that would materially interfere with the performance of EMPLOYEE'S duties under this Agreement, except that:

(a) The expenditure of reasonable amounts of time, not in conflict with the CITY'S needs and interests, for educational, charitable, community, and professional activities, shall not be deemed a breach of this Section 1.9 and shall not require prior consent; and

(b) This Agreement shall not be interpreted to prohibit EMPLOYEE from making passive, personal investments or conducting private affairs in those activities that do not materially interfere with the EMPLOYEE'S duties under this Agreement or create or result in conflicts of interests with CITY.

2. COMPENSATION AND BENEFITS AND REIMBURSEMENTS.

2.1 Base Salary. Commencing on the date EMPLOYEE commences full time work with the CITY, EMPLOYEE shall receive a base annual salary of one hundred forty thousand three hundred fifty eight and thirty six cents (\$140,358.36) per year, (hereinafter, the "Base Salary"). The Parties understand and agree that the amount of the Base Salary, as preliminarily established for the year 2019, may be adjusted from time-to-time by the CITY MANAGER following a performance evaluation, as provided for in Section 2.2 (below). In no event shall EMPLOYEE's base salary adjust automatically pursuant to any mechanism, and in no event shall EMPLOYEE's base salary exceed the maximum amount approved by the City Council, including in the CITY's Salary Chart or any other salary table or other document that may be adopted by the City Council in the future. The Base Salary shall be payable in monthly or bi-weekly installments at the same time and in the same manner as other management employees of CITY. EMPLOYEE's salary shall be subject to customary withholding for taxes and other required deductions.

2.2 Performance Review. On or before the anniversary date of execution of this Agreement, the City Manager will undertake a job performance review of EMPLOYEE. In connection with such performance review, the City Manager may consider any adjustments in EMPLOYEE's compensation consistent with the CITY's Salary Chart. The failure of CITY to undertake a performance evaluation shall not limit CITY's ability to terminate this Agreement pursuant to Section 4 (Termination).

2.3 Benefits. In addition to Base Salary, CITY shall also provide EMPLOYEE with the following benefits:

(a) Cafeteria Plan, Dependent Care Flexible Spending Account, Life and Short Term Disability Insurance, Vacation Accrual, Sick Leave, Public Employees Retirement System (PERS) Eligibility, and Reimbursements. EMPLOYEE shall be provided with these benefits to the same extent as those benefits are provided to the members of the Non-represented Managers Group, whether as described in the Managers Group MOU referred to in the Recitals or in the City's Employment Policies, whichever is applicable, as those document may be modified or amended from time to time.

2.4 Vehicle Allowance. EMPLOYEE shall be provided, during the term of this Agreement and in addition to other salary and benefits herein provided, the sum of Three Hundred Fifty Dollars (\$350.00) a month, as a vehicle allowance to be used to purchase, lease or own, operate and maintain a vehicle. EMPLOYEE shall be responsible for paying for liability, property damage and comprehensive insurance coverage upon such vehicle and shall further be responsible for all expenses attendant to the purchase, operation, maintenance, repair and regular replacement of said vehicle

2.5 Jury Duty. EMPLOYEE will receive Base Salary and benefits while responding to a jury summons or serving on a jury. Any compensation for such jury duty (except travel pay) shall be remitted to CITY.

2.6 Business Related Equipment. CITY shall also provide EMPLOYEE a smart phone and personal computer (at work) for use in connection with CITY business. CITY shall be responsible for maintenance of said items.

2.7 Participation in Additional CITY Programs. EMPLOYEE shall be eligible to participate in any other CITY programs/employment benefits to the extent they are offered to non-represented CITY management employees, including but not limited to, the bilingual program or deferred compensation plan.

2.8 Administrative/Personal Leave. EMPLOYEE shall be allocated a maximum of forty (40) hours of administrative/personal leave on July 1st of each CITY fiscal year. The maximum amount of administrative/personal leave that EMPLOYEE may accrue at any given time may not exceed eighty (80) hours total. EMPLOYEE may request payment of up to forty (40) hours banked administrative leave pay, to be paid by separate check, per calendar year. Requests for payment of banked administrative leave pay should be submitted in accordance with the procedure stated in the Managers Group MOU.

3. ILLNESS OR INJURY; DISABILITY AND DEATH.

3.1 Cessation of Work Due to Injury or Disability. In addition to any right of termination set forth under Section 1.3 (Employment With CITY “At-Will”), above, CITY also reserves the right to terminate EMPLOYEE’s employment along with this Agreement if EMPLOYEE ceases to work as a result of injury or disability which results in Employee being unable to perform the essential duties of the COMMUNITY DEVELOPMENT DIRECTOR position, with or without accommodation, for a period of six (6) consecutive months or more, as documented by a healthcare provider. The foregoing notwithstanding, CITY may terminate EMPLOYEE if, in the CITY’S unilateral discretion, the disability poses a direct threat to the safety of CITY, EMPLOYEE or any other employees working for CITY and any reasonable accommodation attempted by CITY would not mitigate or eliminate such a threat. CITY will not provide a severance payment if EMPLOYEE is terminated under this Section of this Agreement.

3.2 Compensation for Work-Related Illness or Injury. In the event EMPLOYEE suffers a physical or mental illness or disability arising out of the course of employment, EMPLOYEE’s exclusive remedy or remedies against CITY for such illness, injury or disability shall be those legally allowed under the workers’ compensation laws of the State of California. The Parties further agree that the California Workers Compensation Appeals Board shall be the exclusive venue for any claim of physical or mental illness or disability arising out of the course of EMPLOYEE’S employment with the CITY.

3.3 Medical Examination. EMPLOYEE agrees to submit to a medical and/or psychological examination by a qualified physician or psychiatrist selected by CITY, in the event the CITY determines a medical and/or psychological examination is needed to make a decision under Sections 3.1 through 3.2. CITY and EMPLOYEE shall receive a copy of all medical reports related to the examination.

3.4 Death of Employee. This Agreement along with EMPLOYEE’s employment shall terminate automatically upon EMPLOYEE’s death.

3.5 Compensation Upon Termination. Except as otherwise provided under this Agreement, if EMPLOYEE's employment is terminated pursuant to this Section 3 (Illness or Injury; Disability and Death), CITY shall pay EMPLOYEE all Base Salary, benefits, and compensation due and owing EMPLOYEE through the last day actually worked. If termination is caused by EMPLOYEE's death, CITY shall provide the compensation and benefits otherwise due EMPLOYEE to EMPLOYEE's executor, administrator, heirs, personal representatives, successors, and assigns. CITY will not provide for severance pay if EMPLOYEE is terminated under the provisions of Section 3.1 through 3.5, above.

4. TERMINATION.

4.1 Termination by CITY for Convenience and Without Cause. CITY may terminate EMPLOYEE at any time for convenience and without cause, by providing EMPLOYEE with the applicable "severance payment" provided for below. The "severance payment" shall be an amount equal to six (6) months, less any and all applicable or legally required deductions. EMPLOYEE shall also receive all applicable accrued vacation and/or sick leave and administrative/personal leave as provided herein together with any extension of benefits required under California law. The foregoing notwithstanding, in no event shall the "severance payment" include the payment of any sums prohibited pursuant to Government Code Section 53260-53264, and any such sums shall be deducted from the "severance payment."

4.2 Termination by Employee. EMPLOYEE may terminate EMPLOYEE'S employment for any reason, and at any time, with or without cause, by providing CITY with no less than thirty (30) days prior written notice. In such event, CITY shall have the option, in its complete discretion, to make EMPLOYEE's termination effective upon any date preceding the 30-day notice period, provided CITY pays EMPLOYEE all compensation due and owing EMPLOYEE through the last day actually worked, plus an amount equal to the Base Salary EMPLOYEE would have earned through the balance of the thirty (30) day notice period. EMPLOYEE shall not receive a "severance payment" in the event EMPLOYEE terminates his/her employment with CITY pursuant to this Section 4.2.

4.3 Termination for Cause by CITY. CITY may immediately terminate EMPLOYEE's employment with CITY and this Agreement at any time by providing EMPLOYEE written notice of EMPLOYEE'S termination for cause and the reason(s) for the termination, and an opportunity for a discussion with the City Manager or the City Manager's designee. In the event the City Manager and EMPLOYEE are unable to resolve any disagreement regarding the cause for EMPLOYEE'S termination, the Parties agree to arbitration as provided in Section 6. No "severance payment" shall be paid in the event EMPLOYEE's employment is terminated for cause, except that CITY shall pay EMPLOYEE for EMPLOYEE'S accrued and unused vacation, sick and administrative leave, as provided for in this Agreement. The term "cause" shall be defined to include any misconduct materially related to performance of official duties, including but not be limited to any of the following: 1) breach of this AGREEMENT, 2) willful or persistent breach of duties, 3) resume fraud or other acts of material dishonesty, 4) unauthorized absence or leave not otherwise supported by valid documentation from a healthcare provider, 5) conviction of a

misdemeanor involving moral turpitude (i.e., offenses contrary to justice, honesty, or morality), conviction of a misdemeanor DUI, or conviction of a felony under California law (the CITY may, in its discretion, place EMPLOYEE on paid or unpaid administrative leave until resolution of charges brought against EMPLOYEE), 6) violation of the CITY's anti-harassment policies and/or a finding that legally prohibited personal acts of harassment, discrimination, and/or retaliation against a CITY official, CITY employee, or any individual protected by state or federal laws prohibiting harassment, discrimination, and/or retaliation, 7) violation of the CITY's Municipal Code, ordinances, rules or regulations, including but not limited to the CITY's Rules and Regulations and Administrative Policies, 8) use or possession of illegal drugs, 9) engaging in conduct tending to bring embarrassment or disrepute to the CITY, 10) any illegal or unethical act involving personal gain, 11) pattern of repeated, willful and intentional failure to carry out materially significant and legally constituted directions or policy decisions of the City Council or COMMUNITY DEVELOPMENT DIRECTOR, and 12) gross misfeasance or gross malfeasance. If the CITY terminates for cause this AGREEMENT and the services of EMPLOYEE hereunder, EMPLOYEE shall not be entitled to assume any further position or employment with the CITY.

4.4 Termination Obligation. EMPLOYEE agrees that all property, including without limitation, all equipment, tangible, Proprietary Information (as defined below), documents, records, notes, contracts, and computer-generated materials furnished to or prepared by EMPLOYEE incident to EMPLOYEE'S employment are the property of CITY and shall be returned promptly to CITY upon termination of EMPLOYEE's employment. EMPLOYEE's obligations under this subsection shall survive the termination of EMPLOYEE'S employment and the expiration or early termination of this Agreement.

4.5 Benefits Upon Termination. All benefits to which EMPLOYEE is entitled under this Agreement shall cease upon EMPLOYEE's termination in accordance with this Section 4 (Termination), unless expressly continued under this Agreement, under any specific written policy or benefit plan applicable to EMPLOYEE, under any other agreement for the continued provision of benefits, or unless otherwise required by law.

5. CONFLICT OF INTEREST.

5.1 EMPLOYEE shall not, during the term of this Agreement, individually, as a partner, joint venture, officer or shareholder, invest or participate in any business venture conducting business in the corporate limits of CITY, except for stock ownership in any company whose capital stock is publicly held and regularly traded, without prior approval of the City Manager and City Council. EMPLOYEE shall also be subject to the conflict of interest provisions of the Government Code of the State of California, the CITY's Municipal Code, and any other conflict of interest regulations applicable to EMPLOYEE's employment with CITY. For and during the Term of this Agreement and any extension term, EMPLOYEE further agrees that except for a personal residence or residential property acquired or held for future use as EMPLOYEE'S personal residence, EMPLOYEE will not invest in any other real estate or property improvements within the corporate limits of CITY without the prior consent of the City Manager and City Council.

6. ARBITRATION OF DISPUTES.

This arbitration provision does not apply to any claim, dispute, or controversy that in any way concerns the CITY’S right under this Agreement to terminate EMPLOYEE for convenience and/or without cause including, but not limited to, CITY’S exercise of its rights under Section 1.4(a) and Section 4.1 above.

Any claim, dispute, or controversy which would otherwise require or allow resort to any court or other governmental dispute resolution forum between EMPLOYEE and CITY arising from, related to, or having any relationship or connection whatsoever with Employees employment or the terms of this Agreement, whether based on tort, contract, statutory, or equitable law, or otherwise, shall be submitted to and determined exclusively by binding arbitration under the Federal Arbitration Act, in conformity with the procedures of the California Arbitration Act (Cal. Code Civ. Proc. sec 1280 et seq.), including section 1283.05 and all of the Acts other mandatory and permissive rights to discovery); provided, however, that: in addition to requirements imposed by law, any arbitrator herein shall be a retired California Superior Court Judge and shall be subject to disqualification on the same grounds as would apply to a judge of such court. If for any reason the Parties cannot agree to an arbitrator, either Party may apply to a court of competent jurisdiction with authority over the location where the arbitration will be conducted for appointment of a neutral arbitrator. The court shall then appoint an arbitrator, who shall act under this agreement with the same force and effect as if the Parties had selected the arbitrator by mutual agreement. The arbitrator shall then prescribe the rules and procedures for the arbitration process in accordance with laws that are applicable to the claim being raised. EMPLOYEE understands that by agreeing to this binding arbitration provision, both CITY and EMPLOYEE give up their right to a trial by jury.

7. GENERAL PROVISIONS.

7.1 Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be effective upon delivery by hand or three (3) business days after deposit in the United States mail, postage prepaid, certified or registered, and addressed to CITY at the address below or at the last known address maintained in EMPLOYEE personnel file. EMPLOYEE agrees to notify CITY in writing of any change in EMPLOYEE’S address during EMPLOYEE’S employment with CITY. Notice of change of address shall be effective only when accomplished in accordance with this Section.

CITY’s Notice Address:

City of Beaumont
550 East Sixth Street
Beaumont, CA 92223

COMMUNITY DEVELOPMENT DIRECTOR's Notice Address:

Christina Taylor

(Last listed address in employee's personnel file)

7.2 Bonding. CITY shall bear the full cost of any fidelity or other bonds required of the COMMUNITY DEVELOPMENT DIRECTOR under any laws or ordinance.

7.3 Entire Agreement. This Agreement is intended to be the final, complete, and exclusive statement of the terms of EMPLOYEE's employment by CITY. This Agreement supersedes all other prior and contemporaneous agreements and statements, whether written or oral, express or implied, pertaining in any manner to the employment of EMPLOYEE, and it may not be contradicted by evidence of any prior or contemporaneous statements or agreements. To the extent that the practices, policies, or procedures of CITY, now or in the future, apply to EMPLOYEE and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control. However, as noted in Section 2.7 above, EMPLOYEE shall be eligible to participate in any other CITY programs/employment benefits to the extent they are offered to non-represented CITY employees.

7.4 Amendments. Except as otherwise provided herein, this Agreement may not be amended except in a written document signed by EMPLOYEE, approved by the City Manager and signed by the City Attorney.

7.5 Waiver. Failure to exercise any right under this Agreement shall not constitute a waiver of such right.

7.6 Assignment. EMPLOYEE shall not assign any rights or obligations under this Agreement. CITY may, upon prior written notice to EMPLOYEE, assign its rights and obligations hereunder.

7.7 Severability. If any court of competent jurisdiction holds any provision of this Agreement to be invalid, unenforceable, or void, the remainder of this Agreement shall remain in full force and effect.

7.8 Governing Law. This Agreement is entered into and is to be performed in Riverside County, California and shall be governed by and construed in accordance with the controlling laws of the State of California or federal law, whichever is applicable, and the Parties agree that venue shall be in Riverside County, California.

7.9 Interpretation. This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. By way of example and not in limitation, this Agreement shall not be construed in favor of the party receiving a benefit or against the

party responsible for any particular language in this Agreement. Captions are used for reference purposes only and should be ignored in the interpretation of the Agreement.

7.10 Statutory Obligations: Abuse of Office or Position. Pursuant to California Government Code Sections 53243, 53243.1 and 53243.2, which became effective on January 1, 2012, if EMPLOYEE is convicted of a crime involving an abuse of EMPLOYEE’S office or position, all of the following shall apply: (1) if EMPLOYEE is provided with an administrative leave pay pending an investigation, EMPLOYEE shall be required to fully reimburse such amounts paid by CITY; (2) if CITY pays for the criminal legal defense of EMPLOYEE (which would be in its sole discretion, as CITY is generally not obligated to pay for a criminal defense), EMPLOYEE shall be required to fully reimburse such amounts paid by CITY; and (3) if this Agreement is terminated, any cash settlement related to the termination of EMPLOYEE by CITY, said amount shall be fully reimbursed to CITY or shall be void if not yet paid to EMPLOYEE. For this Section, abuse of office or position means either: (1) an abuse of public authority, including waste, fraud, and violation of the law under the color of authority; or (2) a crime against public justice, including a crime described in Title 7 commencing with section 92 of the California Penal Code.

7.11 Incorporation of Recitals. The Parties repeat and incorporate the recitals set forth above as if fully set forth herein.

7.12 Acknowledgment. EMPLOYEE acknowledges that EMPLOYEE has had the opportunity to consult legal counsel in regard to this Agreement, that EMPLOYEE has read and understands this Agreement, that EMPLOYEE is fully aware of its legal effect, and that EMPLOYEE has entered into it freely and voluntarily and based on EMPLOYEE’S own judgment and not on any representations or promises other than those contained in this Agreement.

“CITY”

“EMPLOYEE”

CITY OF BEAUMONT

Christina Taylor

By: _____
Todd Parton, City Manager

ATTEST:

By: _____
Steve Mehlman, City Clerk

Attachment B
Job Description

COMMUNITY DEVELOPMENT DIRECTOR EMPLOYMENT AGREEMENT

Exhibit "A"

Job Description

Exhibit "A"



EMPLOYMENT OPPORTUNITY

Community Development Director

City of Beaumont
550 E 6th Street
Beaumont, CA 92223

(951) 769-8520
www.ci.beaumont.ca.us

Full Time Part Time Temporary FLSA Exempt Subject to MOU Benefits Available

SALARY RANGE: Step 84-94, Currently \$11,412.27—\$14,608.53 per month.

THE POSITION:

Under direction of the City Manager or designee, plans, organizes and directs the work of the Planning Department, Building Department and Economic Development; plans, organizes, supervises, reviews and participates in the work of assigned staff; coordinates activities with other divisions, City departments, outside agencies and organizations; makes recommendations to the City Council, Planning Commission and a variety of related boards and committees.

CORE (ESSENTIAL) DUTIES:

- Must be able to meet the physical, mental, and environmental requirements identified in this job description
- Operate a variety of communications equipment, including copy machines, telephones, fax, email, Internet and other various computer systems
- Prepare and type clear, concise, and comprehensive reports, forms, memorandums, correspondence, and records using correct sentence structure, grammar, and spelling
- Respond to requests for information from the public, City departments and outside agencies
- Establish and maintain effective working relationships with city employees, the public, and other agencies with which the department interacts
- Manages, supervises and participates in the development and implementation of department goals, objectives, policies and procedures
- Provide technical advice to the City Manager, City Council, Planning Commission, other boards and commissions, other department heads, and civic groups in matters involving planning, zoning, and enforcement
- Supervise and provide resolution of difficult planning, zoning, building, environmental, and administrative policy questions
- Plan, direct, and review current and advanced planning activities
- Reviews the work of staff to ensure compliance with applicable federal, state, and local laws, codes and regulations, including the California Environmental Quality Act (C.E.Q.A.) and the National Environmental Protection Act (N.E.P.A.)
- Supervises the work of professional planning and engineering consultants retained for the development of plans, specifications, studies, and reports
- Supervises staff engaged in review of permit applications and plans for compliance with applicable ordinances, and coordinates with code enforcement
- Supervise the interpretation of the City's zoning ordinance by department personnel
- Drafts ordinance amendments for the zoning ordinance, subdivision ordinance, and Building Code Updates
- Manages the evaluation and processing of all development review and zoning applications
- Reviews subdivisions, special use permits and large development applications
- Meets with and advises developers and the general public regarding complex applications and processes
- Schedules public hearings before the City Planning Commission and City Council

Selection procedures may include:

- Applicants will be screened for relevant education and experience
- Those applicants passing the initial screening process may be asked to participate in a written exam
- Those applicants passing the written exam may be required to complete a supplemental written assignment to assess the candidate's writing ability prior to participating in an oral interview
- Those applicants passing the oral interview may be required to participate in a physical agility test
- Candidates who successfully complete the above mentioned requirements will be placed on an eligibility list. Prior to appointment, candidates will be required to pass a comprehensive background check which may include, fingerprinting through Department of Justice, a comprehensive medical examinations, psychological assessment, polygraph, and pre-employment drug screening.

How to Apply:

All application packets must be returned to:

Human Resources Dept.
550 E. 6th Street,
Beaumont, CA 92223

Facsimile applications will not be accepted. Resumes may be attached, but will not be accepted without a completed City application.

ALL POSITIONS ARE POSTED IN-HOUSE FOR THE FIRST 10 DAYS AFTER INITIAL POSTING. ONCE 10 DAYS HAS ELAPSED ALL POTENTIAL CANDIDATES ARE WELCOME TO APPLY.

(Continued)

Community Development Director *(continued)*



- Oversees, reviews, and negotiates on behalf of the City for land development proposals including site design and environmental review.

KNOWLEDGE, SKILLS, & ABILITIES:

- Demonstrate typing skills and operational characteristics of standard office equipment
- Understand and adhere to City policies, procedures, rules and regulations
- Possess effective interpersonal skills, using tact, patience and courtesy
- Current Microsoft Office Skills, including Access, Excel, Word, PowerPoint, and Publisher
- Use sound professional judgment
- Perform routine multi-tasking functions
- Understand and work within the course and scope of duties, authority and responsibilities
- Relate effectively to people of a variety of cultures, languages, disabling conditions and socioeconomic situations
- Analyze situations and apply departmental rules and regulations effectively, as well as common sense where no guidelines are readily available
- Ability to work with minimum supervision
- Demonstrate ability to manage a staff of professionals, support personnel, consultants, and contractors
- Ability to work constructively to resolve controversial community issues and develop creative solutions to local problems and challenges
- Knowledge of the principles and accepted practices of municipal planning
- Knowledge of recent developments, current literature, and informational sources in the field of planning and zoning
- Knowledge of California state laws related to general plans, environmental matters, zoning, land division, etc.
- Ability to direct and coordinate the work of planning and technical personnel engaged in office and field work.

EXPERIENCE, EDUCATION, AND LICENSES:

- Minimum eighteen (18) years of age
- Must possess a high school diploma from an accredited high school or G.E.D. equivalent
- Must possess a Bachelor's Degree in planning or a related field
- Possess of a Master's Degree in a related field is desired
- Experience in municipal planning in the State of California.
- Must possess a valid California Class C Driver's License and maintain possession of such license during the course of employment

ADDITIONAL REQUIREMENTS:

- Must have an acceptable driving record, be insurable at standard rates by City's insurance carrier, and maintain such insurability during the course of employment

PHYSICAL, MENTAL, AND ENVIRONMENTAL REQUIREMENTS:

Must be found to be free from any physical, emotional or mental conditions, as determined by a qualified physician and/or psychologist, which with or without accommodation might affect the ability of the employee to perform essential job functions. The position may require prolonged sitting, standing, walking, reaching, twisting, turning, kneeling, bending, squatting, and stooping in the performance of daily office activities. Additionally, the position requires grasping, repetitive hand movement, and fine coordination in retrieving and entering data using a computer keyboard. Near and far vision is required in order to read work related documents and use the computer. Acute hearing is required when providing phone and personal service.

This classification is not intended to be all-inclusive. An employee may be required to perform other reasonable duties as assigned by management. The city reserves the right, with the concurrence of the department head, to revise or change classification duties and responsibilities as the need arises and as consistent with the meet and confers process. Nothing herein is intended to constitute a written or implied contract of employment.

THE CITY OF BEAUMONT IS AN EQUAL OPPORTUNITY EMPLOYER.
WOMEN, MINORITIES, AND DISABLED INDIVIDUALS ARE ENCOURAGED TO APPLY.
THE CITY OF BEAUMONT IS A DRUG-FREE WORKPLACE.

Staff Report

TO: Mayor and City Council Members

FROM: Kari Mendoza, Administrative Services Director

DATE: February 19, 2019

SUBJECT: Authorize Employment Contract with City Engineer/Public Works Director

Background and Analysis:

The City Engineer/Public Works Director position has been vacant since September 2018. Staff has been actively recruiting since that time to locate the appropriate qualified candidate. The recruitment process is complete, and Jeffrey Hart has been selected. He has eighteen years of experience in the engineering field, both private and public sector. He holds a Bachelor of Science in General Civil Engineering from California Polytechnic Institute, Pomona.

The City Manager negotiated the terms and conditions and the City Attorney has reviewed and approved the language in the contract. Attached is the employment contract for your review.

Fiscal Impact:

Contract provides for an annual fully loaded fiscal impact of \$272,216 to be paid out of the budget for Public Works Department 3250 and Wastewater 4050 personnel cost accounts.

Finance Director Review:  _____

Recommendation:

1. Approve the Employment Contract with Jeffrey Hart and authorize the Mayor to sign the agreement.

City Manager Review:  _____

Attachments:

- A. Employment Agreement
- B. Job Description

Attachment A
Employment Agreement

CITY ENGINEER / PUBLIC WORKS DIRECTOR EMPLOYMENT AGREEMENT

This CITY ENGINEER / PUBLIC WORKS DIRECTOR EMPLOYMENT AGREEMENT (hereinafter referred to as the "AGREEMENT") is entered into and made effective the 19th day of February 2019, by and between the CITY OF BEAUMONT, (hereinafter referred to as the "CITY"), and Jeffrey Hart, an individual (hereinafter referred to as "EMPLOYEE"). For purposes of this AGREEMENT, CITY and EMPLOYEE may be collectively referred to as the "Parties" or individually as a "Party."

RECITALS

CITY ENGINEER / PUBLIC WORKS DIRECTOR

WHEREAS, based on EMPLOYEE's executive and administrative qualifications and ability, the CITY MANAGER desires to appoint EMPLOYEE to serve as the CITY ENGINEER / PUBLIC WORKS DIRECTOR for CITY; and

WHEREAS, EMPLOYEE desires to continue performing the duties of City Engineer / Public Works Director for CITY; and

WHEREAS, EMPLOYEE and CITY acknowledge and agree that this Agreement is not covered by and shall supersede the Memorandum of Understanding between City of Beaumont and Managers as Individuals Effective January 1, 2018 ("Managers Group MOU"); and

WHEREAS, the Parties wish to establish the terms and conditions of EMPLOYEE's provision of professional services to CITY through this AGREEMENT.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, CITY and EMPLOYEE hereby agree as follows:

1. POSITION, DUTIES AND TERM.

1.1 Incorporation of Recitals. The above recitals are incorporated herein and made a part of this Agreement.

1.2 Position. EMPLOYEE accepts employment with CITY as its CITY ENGINEER / PUBLIC WORKS DIRECTOR and shall perform all functions, duties and services set forth in Section 1.5 (Duties) of this Agreement.

1.3 Effective Date of Agreement/Term. This Agreement is for an unspecified term and is subject to the "At-Will" provision in Section 1.4 and termination provision in Section 4.

1.4 Employment with CITY "At-Will".

(a) EMPLOYEE's employment status with CITY shall be at-will and terminable with or without cause, at the CITY'S unilateral discretion. EMPLOYEE shall serve at the pleasure of the City Manager. EMPLOYEE acknowledges, understands and agrees that EMPLOYEE may not avail himself/herself of any procedures, provisions or protections set forth under CITY's Employment Policies, as defined herein, in so far as such procedures, provisions or protections limit, restrict, modify, prohibit or regulate EMPLOYEE's status as an "at-will" employee of CITY or the ability of the City Manager to terminate EMPLOYEE's employment at any time for cause or for convenience and without cause. For purposes of this Agreement, the capitalized term "Employment Policies" means and refers to any ordinance, resolution, regulation, rule, memorandum of understanding, or other written policy of CITY as the same may be amended, modified or supplemented from time-to-time, and any written employment manual of the CITY which governs, regulates or otherwise relates to employment with CITY. CITY's Employment Policies shall not apply to EMPLOYEE in so far as such Employment Policies limit, restrict, modify or regulate (or may be interpreted to limit, restrict, modify or regulate) EMPLOYEE's status as an "at-will" employee of CITY. EMPLOYEE shall otherwise comply will all Employment Policies established by the CITY.

(b) Except as otherwise provided under Section 4 (Termination) of this Agreement, EMPLOYEE shall not be entitled to any pre-termination hearing or other similar proceeding or appeal proceeding as a precondition to any decision or action by the City Manager to terminate EMPLOYEE's employment whether for cause or for convenience and without cause. EMPLOYEE shall also not be entitled to any post-termination appeal proceedings.

(c) Nothing in this Agreement shall confer upon EMPLOYEE any right to any property interest in continued employment with CITY.

1.5 Duties. EMPLOYEE shall serve as the CITY ENGINEER / PUBLIC WORKS DIRECTOR and shall be vested with the powers, duties and responsibilities of the CITY ENGINEER / PUBLIC WORKS DIRECTOR as set forth in the Beaumont Municipal Code, as the same may be amended or modified from time-to-time by the City Council, the California Code, and CITY's policies and procedures approved by the City Council, as may be provided from time to time. EMPLOYEE's performance of EMPLOYEE's duties shall be subject to the direction of the City Manager. It is the intent of the Parties that the CITY ENGINEER / PUBLIC WORKS DIRECTOR keeps the City Manager fully informed of all significant operations or major undertakings of the Department. EMPLOYEE shall provide the City Manager with regular status reports on the operations and activities of EMPLOYEE'S Department. EMPLOYEE shall perform such duties as are customary and appropriate to the position of CITY ENGINEER / PUBLIC WORKS DIRECTOR as well as such special duties as may be assigned to CITY ENGINEER / PUBLIC WORKS DIRECTOR from time to time by the City Manager. Notwithstanding EMPLOYEE's duties as CITY ENGINEER / PUBLIC WORKS DIRECTOR, nothing in this Agreement shall be construed to prohibit direct communications between the City Manager and employees within EMPLOYEE'S Department. EMPLOYEE shall attend all City Council meetings, unless excused or directed otherwise by the City Manager.

1.6 Work Hours. The position of CITY ENGINEER / PUBLIC WORKS DIRECTOR is an exempt position under state and federal wage and hour laws. EMPLOYEE's compensation (whether salary or benefits or other allowances) is not based on hours worked. EMPLOYEE shall not be entitled to any compensation for overtime, missed meal or rest periods, reporting time, or any other wage and hour benefits conferred upon non-exempt employees under state or federal wage and hour laws, including regulations propounded in applicable Industrial Welfare Orders. EMPLOYEE is expected to engage in those hours of work that are necessary to fulfill the obligations of the CITY ENGINEER / PUBLIC WORKS DIRECTOR's position. The CITY ENGINEER / PUBLIC WORKS DIRECTOR does not have set hours of work as the CITY ENGINEER / PUBLIC WORKS DIRECTOR is expected to be available at all reasonable and relevant times.

1.7 Regional and Professional Activities. CITY desires that EMPLOYEE be reasonably active in professional organizations that will promote the standing of CITY and advance CITY's goals, interests and policy objectives while also providing EMPLOYEE with opportunities for the type of professional development that will enhance EMPLOYEE'S ability to serve CITY and perform EMPLOYEE'S duties as CITY ENGINEER / PUBLIC WORKS DIRECTOR. Toward this end, EMPLOYEE may, upon reasonable notice and approval by the CITY ENGINEER / PUBLIC WORKS DIRECTOR, join professional organizations and participate in the activities of such organizations in so far as such participation promotes the interests of CITY and does not unduly interfere with the performance of EMPLOYEE's duties as CITY ENGINEER / PUBLIC WORKS DIRECTOR. CITY agrees to budget and, consistent with that budget, pay for the dues, conference and travel fees, and subscriptions of the CITY ENGINEER / PUBLIC WORKS DIRECTOR necessary for EMPLOYEE'S participation in national, statewide, regional or professional organizations.

1.8 Non-CITY Activities. In accordance with Government Code Section 1126, during the period of EMPLOYEE'S employment, EMPLOYEE shall not accept, without the express prior written consent of the City Manager, any other employment or engage, directly or indirectly, in any other business, commercial, or professional activity (except as permitted under Section 1.7 (Regional and Professional Activity)), whether or not to pecuniary advantage, that is or may be competitive with CITY, that might cause a conflict of interest with CITY, or that otherwise might interfere with the business or operation of CITY or the satisfactory performance of EMPLOYEE's duties as CITY ENGINEER / PUBLIC WORKS DIRECTOR.

1.9 Restriction on Outside Business Activities. During his employment, EMPLOYEE shall devote his full business time, energy, and ability exclusively to the business and interests of CITY, and shall not, without prior written consent of City Manager, render services to others of any kind for compensation, or engage in other business activity that would materially interfere with the performance of EMPLOYEE'S duties under this Agreement, except that:

(a) The expenditure of reasonable amounts of time, not in conflict with the CITY'S needs and interests, for educational, charitable, community, and professional activities, shall not be deemed a breach of this Section 1.9 and shall not require prior consent; and

(b) This Agreement shall not be interpreted to prohibit EMPLOYEE from making passive, personal investments or conducting private affairs in those activities that do not

materially interfere with the EMPLOYEE'S duties under this Agreement or create or result in conflicts of interests with CITY.

2. COMPENSATION AND BENEFITS AND REIMBURSEMENTS.

2.1 Base Salary. Commencing on the date EMPLOYEE commences full time work with the CITY, EMPLOYEE shall receive a base annual salary of \$184,163.16, one hundred eighty-four thousand one hundred sixty-three and sixteen cents per year, (hereinafter, the "Base Salary"). The Parties understand and agree that the amount of the Base Salary, as preliminarily established for the year 2019, may be adjusted from time-to-time by the CITY MANAGER following a performance evaluation, as provided for in Section 2.2 (below). In no event shall EMPLOYEE's base salary adjust automatically pursuant to any mechanism, and in no event shall EMPLOYEE's base salary exceed the maximum amount approved by the City Council, including in the CITY's Salary Chart or any other salary table or other document that may be adopted by the City Council in the future. The Base Salary shall be payable in monthly or bi-weekly installments at the same time and in the same manner as other management employees of CITY. EMPLOYEE's salary shall be subject to customary withholding for taxes and other required deductions.

2.2 Performance Review. On or before the anniversary date of execution of this Agreement, the City Manager will undertake a job performance review of EMPLOYEE. In connection with such performance review, the City Manager may consider any adjustments in EMPLOYEE's compensation consistent with the CITY's Salary Chart. The failure of CITY to undertake a performance evaluation shall not limit CITY's ability to terminate this Agreement pursuant to Section 4 (Termination).

2.3 Benefits. In addition to Base Salary, CITY shall also provide EMPLOYEE with the following benefits:

(a) Cafeteria Plan, Dependent Care Flexible Spending Account, Life and Short Term Disability Insurance, Vacation Accrual, Sick Leave, Public Employees Retirement System (PERS) Eligibility, Certificate, Education and Reimbursements. EMPLOYEE shall be provided with these benefits to the same extent as those benefits are provided to the members of the Non-represented Managers Group, whether as described in the Managers Group MOU referred to in the Recitals or in the City's Employment Policies, whichever is applicable, as those document may be modified or amended from time to time.

2.4 Vehicle Allowance. EMPLOYEE shall be provided, during the term of this Agreement and in addition to other salary and benefits herein provided, the sum of Three Hundred Fifty Dollars (\$350.00) a month, as a vehicle allowance to be used to purchase, lease or own, operate and maintain a vehicle. EMPLOYEE shall be responsible for paying for liability, property damage and comprehensive insurance coverage upon such vehicle and shall further be responsible for all expenses attendant to the purchase, operation, maintenance, repair and regular replacement of said vehicle.

2.5 Jury Duty. EMPLOYEE will receive Base Salary and benefits while responding to a jury summons or serving on a jury. Any compensation for such jury duty (except travel pay) shall be remitted to CITY.

2.6 Business Related Equipment. CITY shall also provide EMPLOYEE a smart phone and personal computer (at work) for use in connection with CITY business. CITY shall be responsible for maintenance of said items.

2.7 Participation in Additional CITY Programs. EMPLOYEE shall be eligible to participate in any other CITY programs/employment benefits to the extent they are offered to non-represented CITY management employees, including but not limited to, the bilingual program or deferred compensation plan.

2.8 Administrative/Personal Leave. EMPLOYEE shall be allocated a maximum of forty (40) hours of administrative/personal leave on July 1st of each CITY fiscal year. The maximum amount of administrative/personal leave that EMPLOYEE may accrue at any given time may not exceed eighty (80) hours total. EMPLOYEE may request payment of up to forty (40) hours banked administrative leave pay, to be paid by separate check, per calendar year. Requests for payment of banked administrative leave pay should be submitted in accordance with the procedure stated in the Managers Group MOU.

3. ILLNESS OR INJURY; DISABILITY AND DEATH.

3.1 Cessation of Work Due to Injury or Disability. In addition to any right of termination set forth under Section 1.3 (Employment With CITY “At-Will”), above, CITY also reserves the right to terminate EMPLOYEE’s employment along with this Agreement if EMPLOYEE ceases to work as a result of injury or disability which results in Employee being unable to perform the essential duties of the CITY ENGINEER / PUBLIC WORKS DIRECTOR position, with or without accommodation, for a period of six (6) consecutive months or more, as documented by a healthcare provider. The foregoing notwithstanding, CITY may terminate EMPLOYEE if, in the CITY’S unilateral discretion, the disability poses a direct threat to the safety of CITY, EMPLOYEE or any other employees working for CITY and any reasonable accommodation attempted by CITY would not mitigate or eliminate such a threat. CITY will not provide a severance payment if EMPLOYEE is terminated under this Section of this Agreement.

3.2 Compensation for Work-Related Illness or Injury. In the event EMPLOYEE suffers a physical or mental illness or disability arising out of the course of employment, EMPLOYEE’s exclusive remedy or remedies against CITY for such illness, injury or disability shall be those legally allowed under the workers’ compensation laws of the State of California. The Parties further agree that the California Workers Compensation Appeals Board shall be the exclusive venue for any claim of physical or mental illness or disability arising out of the course of EMPLOYEE’S employment with the CITY.

3.3 Medical Examination. EMPLOYEE agrees to submit to a medical and/or psychological examination by a qualified physician or psychiatrist selected by CITY, in the event the CITY determines a medical and/or psychological examination is needed to make a decision

under Sections 3.1 through 3.2. CITY and EMPLOYEE shall receive a copy of all medical reports related to the examination.

3.4 Death of Employee. This Agreement along with EMPLOYEE's employment shall terminate automatically upon EMPLOYEE's death.

3.5 Compensation Upon Termination. Except as otherwise provided under this Agreement, if EMPLOYEE's employment is terminated pursuant to this Section 3 (Illness or Injury; Disability and Death), CITY shall pay EMPLOYEE all Base Salary, benefits, and compensation due and owing EMPLOYEE through the last day actually worked. If termination is caused by EMPLOYEE's death, CITY shall provide the compensation and benefits otherwise due EMPLOYEE to EMPLOYEE's executor, administrator, heirs, personal representatives, successors, and assigns. CITY will not provide for severance pay if EMPLOYEE is terminated under the provisions of Section 3.1 through 3.5, above.

4. TERMINATION.

4.1 Termination by CITY for Convenience and Without Cause. CITY may terminate EMPLOYEE at any time for convenience and without cause, by providing EMPLOYEE with the applicable "severance payment" provided for below. The "severance payment" shall be an amount equal to six (6) months, less any and all applicable or legally required deductions. EMPLOYEE shall also receive all applicable accrued vacation and/or sick leave and administrative/personal leave as provided herein together with any extension of benefits required under California law. The foregoing notwithstanding, in no event shall the "severance payment" include the payment of any sums prohibited pursuant to Government Code Section 53260-53264, and any such sums shall be deducted from the "severance payment."

4.2 Termination by Employee. EMPLOYEE may terminate EMPLOYEE'S employment for any reason, and at any time, with or without cause, by providing CITY with no less than thirty (30) days prior written notice. In such event, CITY shall have the option, in its complete discretion, to make EMPLOYEE's termination effective upon any date preceding the 30-day notice period, provided CITY pays EMPLOYEE all compensation due and owing EMPLOYEE through the last day actually worked, plus an amount equal to the Base Salary EMPLOYEE would have earned through the balance of the thirty (30) day notice period. EMPLOYEE shall not receive a "severance payment" in the event EMPLOYEE terminates his/her employment with CITY pursuant to this Section 4.2.

4.3 Termination for Cause by CITY. CITY may immediately terminate EMPLOYEE's employment with CITY and this Agreement at any time by providing EMPLOYEE written notice of EMPLOYEE'S termination for cause and the reason(s) for the termination, and an opportunity for a discussion with the City Manager or the City Manager's designee. In the event the City Manager and EMPLOYEE are unable to resolve any disagreement regarding the cause for EMPLOYEE'S, the Parties agree to arbitration as provided in Section 6. No "severance payment" shall be paid in the event EMPLOYEE's employment is terminated for cause, except that CITY shall pay EMPLOYEE for EMPLOYEE'S accrued and unused vacation, sick and administrative

leave, as provided for in this Agreement. The term “cause” shall be defined to include any misconduct materially related to performance of official duties, including but not be limited to any of the following: 1) breach of this AGREEMENT, 2) willful or persistent breach of duties, 3) resume fraud or other acts of material dishonesty, 4) unauthorized absence or leave not otherwise supported by valid documentation from a healthcare provider, 5) conviction of a misdemeanor involving moral turpitude (i.e., offenses contrary to justice, honesty, or morality), conviction of a misdemeanor DUI, or conviction of a felony under California law (the CITY may, in its discretion, place EMPLOYEE on paid or unpaid administrative leave until resolution of charges brought against EMPLOYEE), 6) violation of the CITY’s anti-harassment policies and/or a finding that legally prohibited personal acts of harassment, discrimination, and/or retaliation against a CITY official, CITY employee, or any individual protected by state or federal laws prohibiting harassment, discrimination, and/or retaliation, 7) violation of the CITY’s Municipal Code, ordinances, rules or regulations, including but not limited to the CITY’s Rules and Regulations and Administrative Policies, 8) use or possession of illegal drugs, 9) engaging in conduct tending to bring embarrassment or disrepute to the CITY, 10) any illegal or unethical act involving personal gain, 11) pattern of repeated, willful and intentional failure to carry out materially significant and legally constituted directions or policy decisions of the City Council or CITY ENGINEER / PUBLIC WORKS DIRECTOR, and 12) gross misfeasance or gross malfeasance. If the CITY terminates for cause this AGREEMENT and the services of EMPLOYEE hereunder, EMPLOYEE shall not be entitled to assume any further position or employment with the CITY.

4.4 Termination Obligation. EMPLOYEE agrees that all property, including without limitation, all equipment, tangible, Proprietary Information (as defined below), documents, records, notes, contracts, and computer-generated materials furnished to or prepared by EMPLOYEE incident to EMPLOYEE’S employment are the property of CITY and shall be returned promptly to CITY upon termination of EMPLOYEE’S employment. EMPLOYEE’S obligations under this subsection shall survive the termination of EMPLOYEE’S employment and the expiration or early termination of this Agreement.

4.5 Benefits Upon Termination. All benefits to which EMPLOYEE is entitled under this Agreement shall cease upon EMPLOYEE’S termination in accordance with this Section 4 (Termination), unless expressly continued under this Agreement, under any specific written policy or benefit plan applicable to EMPLOYEE, under any other agreement for the continued provision of benefits, or unless otherwise required by law.

5. CONFLICT OF INTEREST.

5.1 EMPLOYEE shall not, during the term of this Agreement, individually, as a partner, joint venture, officer or shareholder, invest or participate in any business venture conducting business in the corporate limits of CITY, except for stock ownership in any company whose capital stock is publicly held and regularly traded, without prior approval of the City Manager and City Council. EMPLOYEE shall also be subject to the conflict of interest provisions of the Government Code of the State of California, the CITY’S Municipal Code, and any other conflict of interest regulations applicable to EMPLOYEE’S employment with CITY. For and during the Term of this Agreement and any extension term, EMPLOYEE further agrees that except

for a personal residence or residential property acquired or held for future use as EMPLOYEE'S personal residence, EMPLOYEE will not invest in any other real estate or property improvements within the corporate limits of CITY without the prior consent of the City Manager and City Council.

6. ARBITRATION OF DISPUTES.

This arbitration provision does not apply to any claim, dispute, or controversy that in any way concerns the CITY'S right under this Agreement to terminate EMPLOYEE for convenience and/or without cause including, but not limited to, CITY'S exercise of its rights under Section 1.4(a) and Section 4.1 above.

Any claim, dispute, or controversy which would otherwise require or allow resort to any court or other governmental dispute resolution forum between EMPLOYEE and CITY arising from, related to, or having any relationship or connection whatsoever with Employees employment or the terms of this Agreement, whether based on tort, contract, statutory, or equitable law, or otherwise, shall be submitted to and determined exclusively by binding arbitration under the Federal Arbitration Act, in conformity with the procedures of the California Arbitration Act (Cal. Code Civ. Proc. sec 1280 et seq.), including section 1283.05 and all of the Acts other mandatory and permissive rights to discovery); provided, however, that: in addition to requirements imposed by law, any arbitrator herein shall be a retired California Superior Court Judge and shall be subject to disqualification on the same grounds as would apply to a judge of such court. If for any reason the Parties cannot agree to an arbitrator, either Party may apply to a court of competent jurisdiction with authority over the location where the arbitration will be conducted for appointment of a neutral arbitrator. The court shall then appoint an arbitrator, who shall act under this agreement with the same force and effect as if the Parties had selected the arbitrator by mutual agreement. The arbitrator shall then prescribe the rules and procedures for the arbitration process in accordance with laws that are applicable to the claim being raised. EMPLOYEE understands that by agreeing to this binding arbitration provision, both CITY and EMPLOYEE give up their right to a trial by jury.

7. GENERAL PROVISIONS.

7.1 Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be effective upon delivery by hand or three (3) business days after deposit in the United States mail, postage prepaid, certified or registered, and addressed to CITY at the address below or at the last known address maintained in EMPLOYEE personnel file. EMPLOYEE agrees to notify CITY in writing of any change in EMPLOYEE'S address during EMPLOYEE'S employment with CITY. Notice of change of address shall be effective only when accomplished in accordance with this Section.

CITY's Notice Address:

City of Beaumont
550 East Sixth Street
Beaumont, CA 92223

Attn: CITY MANAGER

CITY ENGINEER / PUBLIC WORKS DIRECTOR's Notice Address:

Jeffrey Hart

(Last listed address

In employee's personnel file)

7.2 Bonding. CITY shall bear the full cost of any fidelity or other bonds required of the CITY ENGINEER / PUBLIC WORKS DIRECTOR under any laws or ordinance.

7.3 Entire Agreement. This Agreement is intended to be the final, complete, and exclusive statement of the terms of EMPLOYEE's employment by CITY. This Agreement supersedes all other prior and contemporaneous agreements and statements, whether written or oral, express or implied, pertaining in any manner to the employment of EMPLOYEE, and it may not be contradicted by evidence of any prior or contemporaneous statements or agreements. To the extent that the practices, policies, or procedures of CITY, now or in the future, apply to EMPLOYEE and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control. However, as noted in Section 2.7 above, EMPLOYEE shall be eligible to participate in any other CITY programs/employment benefits to the extent they are offered to non-represented CITY employees.

7.4 Amendments. Except as otherwise provided herein, this Agreement may not be amended except in a written document signed by EMPLOYEE, approved by the City Manager and signed by the City Attorney.

7.5 Waiver. Failure to exercise any right under this Agreement shall not constitute a waiver of such right.

7.6 Assignment. EMPLOYEE shall not assign any rights or obligations under this Agreement. CITY may, upon prior written notice to EMPLOYEE, assign its rights and obligations hereunder.

7.7 Severability. If any court of competent jurisdiction holds any provision of this Agreement to be invalid, unenforceable, or void, the remainder of this Agreement shall remain in full force and effect.

7.8 Governing Law. This Agreement is entered into and is to be performed in Riverside County, California and shall be governed by and construed in accordance with the controlling laws of the State of California or federal law, whichever is applicable, and the Parties agree that venue shall be in Riverside County, California.

7.9 Interpretation. This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. By way of example and not in limitation, this Agreement shall not be construed in favor of the party receiving a benefit or against the party responsible for any particular language in this Agreement. Captions are used for reference purposes only and should be ignored in the interpretation of the Agreement.

7.10 Statutory Obligations: Abuse of Office or Position. Pursuant to California Government Code Sections 53243, 53243.1 and 53243.2, which became effective on January 1, 2012, if EMPLOYEE is convicted of a crime involving an abuse of EMPLOYEE'S office or position, all of the following shall apply: (1) if EMPLOYEE is provided with an administrative leave pay pending an investigation, EMPLOYEE shall be required to fully reimburse such amounts paid by CITY; (2) if CITY pays for the criminal legal defense of EMPLOYEE (which would be in its sole discretion, as CITY is generally not obligated to pay for a criminal defense), EMPLOYEE shall be required to fully reimburse such amounts paid by CITY; and (3) if this Agreement is terminated, any cash settlement related to the termination of EMPLOYEE by CITY, said amount shall be fully reimbursed to CITY or shall be void if not yet paid to EMPLOYEE. For this Section, abuse of office or position means either: (1) an abuse of public authority, including waste, fraud, and violation of the law under the color of authority; or (2) a crime against public justice, including a crime described in Title 7 commencing with section 92 of the California Penal Code.

7.11 Incorporation of Recitals. The Parties repeat and incorporate the recitals set forth above as if fully set forth herein.

7.12 Acknowledgment. EMPLOYEE acknowledges that EMPLOYEE has had the opportunity to consult legal counsel in regard to this Agreement, that EMPLOYEE has read and understands this Agreement, that EMPLOYEE is fully aware of its legal effect, and that EMPLOYEE has entered into it freely and voluntarily and based on EMPLOYEE'S own judgment and not on any representations or promises other than those contained in this Agreement.

“CITY”

CITY OF BEAUMONT

By: _____
Todd Parton, City Manager

“EMPLOYEE”

Jeffrey Hart

By: _____

ATTEST:

By: _____
Steve Mehlman, City Clerk

Attachment B
Job Description

CITY ENGINEER / PUBLIC WORKS DIRECTOR EMPLOYMENT AGREEMENT

Exhibit "A"

Job Description

Exhibit "A"



EMPLOYMENT OPPORTUNITY

Public Works Director/Engineer

Position Open Until Filled

City of Beaumont
550 E 6th Street
Beaumont, CA 92223

(951) 769-8520
www.Beaumontca.gov

- Full Time
 Part Time
 Temporary
 FLSA Exempt
 Subject to MOU
 Benefits Available

SALARY RANGE: Step 92—Step 102, Currently \$14,251—\$18,243 monthly.

THE POSITION:

Under administrative direction, plans, oversees and directs the activities and operations of the Public Works Department, including engineering, street services, wastewater, land developments, traffic engineering, capital improvement programs, traffic planning and engineering, special projects, control staffing levels and department budget; coordinates assigned activities with other departments and outside agencies; and provide highly responsible and complex administrative support to the Assistant City Manager; and does related work as assigned.

CORE (ESSENTIAL) DUTIES:

- Plans, assigns, directs and exercises administrative supervision over divisional employees engaged in a wide variety of engineering services, public works maintenance and operating tasks;
- Assume full management responsibility for all department services and activities including engineering, streets, traffic and wastewater operations;
- Recommends and administers policies and procedures;
- Serves as City Engineer;
- Supervises and participates in the City's capital improvement plan and budget;
- Oversee and participate in the development and administration of the department budget;
- Approve the forecast of funds needed for staffing, equipment, materials and supplies;
- Approve expenditures and implement budgetary adjustment as appropriate and necessary;
- Directs the selection training, development, evaluation and discipline of department staff pursuant to City guidelines and agreements;
- Advises and supports the Assistant City Manager and represents the department in policy matters;
- Directs and participates in the development and implementation of the City's goals, objectives, policies and procedures;
- Represents the Public Works Department in relations with the community, advisory committees, local, state, federal and other public works agencies and professional organizations;
- Schedules public hearings and leads discussions regarding proposed public works projects;
- Perform research regarding equipment and operations; advise the acceptance of bids and the ordering of supplies;
- Respond and resolve difficult and sensitive citizen inquiries and complaints.

KNOWLEDGE, SKILLS, & ABILITIES:

- Extensive knowledge of municipal public works, planning, design, maintenance and construction;
- Knowledge of California engineering and administration principles related to the design and construction of public works project;

(Continued)

This recruitment is open to:

- Employees (Permanent)
- Employees (Temporary)
- Public

Selection procedures may include:

- Applicants will be screened for relevant education and experience
- Those applicants passing the initial screening process may be asked to participate in a written exam
- Those applicants passing the written exam may be required to complete a supplemental written assignment to assess the candidate's writing ability prior to participating in an oral interview
- Those applicants passing the oral interview may be required to participate in a physical agility test
- Candidates who successfully complete the above mentioned requirements will be placed on an eligibility list. Prior to appointment, candidates will be required to pass a comprehensive background check which may include; fingerprinting through Department of Justice, a comprehensive medical examination, psychological assessment, polygraph, and pre-employment drug screening.

How to Apply:

All application packets must be returned to:

Human Resources Dept.

550 E. 6th Street

Beaumont, CA 92223

Faced applications will not be accepted. Resumes may be attached, but will not be accepted without a completed City application.

Public Works Director / Engineer (*continued*)



KNOWLEDGE, SKILLS, & ABILITIES (*continued*):

- Knowledge of municipal organizations administration, budgeting, staffing and supervision;
- Civil engineering principles related to planning, traffic, streets, public buildings, capital facilities planning, technical, legal and financial requirements involved in the conduct of municipal public works studies;
- Knowledge of enterprise operations and rate setting principles for operations;
- Techniques and methods of preparing designs, plans, specifications, estimates and reports for proposed municipal facilities;
- Knowledge of recent developments, current literature and sources of information in California Public Works Administration;
- Communicate clearly and concisely, orally and in writing;
- Operate a personal computer using database and spread sheet programs; perform limited program modifications to adapt software to varying applications.

EXPERIENCE, EDUCATION, AND LICENSES:

- Minimum eighteen (18) years of age;
- Must possess a high school diploma from an accredited high school or G.E.D. equivalent;
- Must possess a Bachelor's Degree from an accredited college or university with major course work in Engineering, Public Administration or an equivalent field;
- Masters degree in a related field desirable;
- Ten (10) years of responsible management experience involving public works operations;
- Registration as a Civil Engineer in the State of California is highly desirable;
- Must possess a valid California Class C Driver's License and maintain possession of such license during the course of employment;
- Must have an acceptable driving record, be insurable at standard rates by City's insurance carrier, and maintain such insurability during the course of employment.

PHYSICAL, MENTAL, AND ENVIRONMENTAL REQUIREMENTS:

Must be found to be free from any physical, emotional or mental conditions, as determined by a qualified physician and/or psychologist, which with or without accommodation might affect the ability of the employee to perform essential job functions. The position may require prolonged sitting, standing, walking, reaching, twisting, turning, kneeling, bending, squatting, and stooping in the performance of daily office activities. Additionally, the position requires grasping, repetitive hand movement, and fine coordination in retrieving and entering data using a computer keyboard. Near and far vision is required in order to read work related documents and use the computer. Acute hearing is required when providing phone and personal service. The position requires lifting, carrying, pushing, and/or pulling objects weighing up to 25 pounds. Incumbent must be willing to work shift work, including nights, weekends, and holidays. Must be able to work in adverse weather conditions, including extreme heat and cold.

This classification is not intended to be all-inclusive. An employee may be required to perform other reasonable duties as assigned by management. The city reserves the right, with the concurrence of the department head, to revise or change classification duties and responsibilities as the need arises and as consistent with the meet and confers process. Nothing herein is intended to constitute a written or implied contract of employment.

THE CITY OF BEAUMONT IS AN EQUAL OPPORTUNITY EMPLOYER.
WOMEN, MINORITIES, AND DISABLED INDIVIDUALS ARE ENCOURAGED TO APPLY.
THE CITY OF BEAUMONT IS A DRUG-FREE WORKPLACE.

Staff Report

TO: Mayor and City Council Members
FROM: Christina Taylor, Interim Community Development Director
DATE: February 19, 2019
SUBJECT: Amendment to the Conditions of Approval for General Plan Amendment GPA 11-GPA-02, Specific Plan Amendment 11-SP-01, Parcel Map 36426 (11-PM-03), Plot Plan PP2018-0134 and EIR Addendum (Hidden Canyon)

Background and Analysis:

Hidden Canyon, in its current form, was approved on March 20, 2012. As part of the project approvals, the project was conditioned to offer land dedication to the Beaumont Conservation Authority in lieu of paying Riverside County Multiple Species Habitat Conservation Plan (MSHCP) program fees. At the time of approval, the Beaumont Conservation Authority was an active JPA entity between the City of Beaumont and the City of Beaumont Redevelopment Agency. However, the Beaumont Conservation Authority was dissolved in February 2017. The property referenced in the conditions of approval was never dedicated to the Beaumont Conservation Authority. Additionally, the land was evaluated by the Riverside Conservation Authority and does not meet the requirements for mitigation land. Since the City is part of the MSHCP program, the land does not meet mitigation land requirements and the Beaumont Conservation Authority does not exist, the applicants will be required to pay MSHCP fees.

At the February 5, 2019, City Council meeting, staff recommended removal of condition 4.11. This condition of approval reads as follows:

- 4.11 Any open space areas subject to the California Dept. of Fish and Game review, shall be offered to the City of Beaumont in fee, subject to the dedication of a Conservation Easement in favor of the Beaumont Conservation Authority, unless otherwise required by the City of Beaumont or the California Dept. of Fish and Game.

Per City Council's request, from the February 5, 2019, meeting, staff has revised the condition of approval to read as follows:

- 4.11 The project is subject to participation in the MSHCP Program including payment of fees as required.

In conjunction with the above revision, staff is recommending the amendment to the following related condition:

- 4.8 The open space areas described in Condition No. 4.6 (b) and otherwise set forth in the Hidden Canyon Industrial Park Specific Plan, including any areas subject jurisdictional authority, shall be shown as numbered lots on the final map, shall be improved and offered for dedication to the City/CFD, property owners association or other maintenance entity as approved by the Planning Director.

Condition 4.8 erroneously references Condition 4.6 (b) instead of 4.7(b). Staff recommends correcting this reference in the condition.

Fiscal Impact:

The estimated cost to prepare this staff report is \$225.

Finance Director Review:  _____

Recommendation:

1. Amend Conditions of Approval 4.8 and 4.11 as stated in the staff report and as shown in the attached conditions of approval.

City Manager Review:  _____

Attachments:

- A. Hidden Canyon Draft Revised Conditions of Approval
- B. Project area map

Exhibit A

**Hidden Canyon Specific Plan Amendment
Conditions of Approval
Page 7 of 14**

- 4.3 All delinquent property taxes, special taxes and assessments shall be paid to the Riverside County Tax Collectors Office.
- 4.4 Easements, when required for roadway slopes, drainage facilities, utilities, etc., shall be shown on the final map if they are located within the land division boundary. All offers of dedication and conveyances shall be submitted and recorded as directed by the Public Works Director.
- 4.5 A Well Site and Sewer Lift Station site, shall be incorporated into the project boundaries, subject to approval by the Public Works Director.
- 4.6 Utilities shall be installed underground as approved by the Public Works Director.
- 4.7 This subdivision may be recorded in phases subject to the following:
 - a. Phasing, including phase boundaries and sequences, shall be subject to Planning Director approval.
 - b. Common open space area improvement phasing, shall be required subject to Planning Director approval.
- 4.8 The open space areas described in Condition No. ~~4.6 (b)~~ **4.7(b)** and otherwise set forth in the Hidden Canyon Specific Plan, including any areas subject jurisdictional authority, shall be shown as numbered lots on the final map, shall be improved and offered for dedication to the City/CFD, property owners Association or other maintenance entity as approved by the Planning Director.
- 4.9 The subdivider shall comply with the following park, open space and parkway landscaping conditions for open-space areas described in Condition No. 4.8.
 - a. The subdivider shall post a landscape performance bond, or other acceptable security approved by the Planning Director, which shall be released concurrently with the assumption of the maintenance responsibility by the City, property owners' association, or other entity approved pursuant to Condition 4.7. The bond or security shall include ninety (90) days of landscape maintenance costs.
- 4.10 The subdivider shall convey to the approved landscape maintenance entity fee simple title at no cost to the entity all open space areas, free and clear of all liens, taxes, assessment, leases (recorded and unrecorded) and easements, except those easements which in the sole discretion of the entity are acceptable.
- 4.11 ~~Any open space areas subject to the California Dept. of Fish and Game review, shall be offered to the City of Beaumont in fee, subject to the dedication of a Conservation~~

~~Easement in favor of the Beaumont Conservation Authority, unless otherwise required by the City of Beaumont or the California Dept. of Fish and Game. The project is subject to participation in the MSHCP Program including payment of fees as required.~~

- 4.12 The maintenance and management of common open space areas and common facilities shall be conducted as set forth herein and approved by the Director of Planning. All provisions of said condition shall be satisfied prior to map recordation.
- 4.13 A hydrology study, to the satisfaction of the Public Works Director, shall be prepared and approved prior to recordation. Said hydrology study shall be based upon methodology which is acceptable to the Riverside County Flood Control and Water Conservation District, and shall address the potential impacts of the project, as well as downstream impacts resulting from the project, and shall identify the level of responsibility of the project in correcting any downstream problems.
- 4.14 The subdivider shall be responsible for the provision of a fair share of the necessary roadway, water, sewer and drainage facilities for the orderly implementation of the Hidden Canyon Specific Plan and the existing master plans for these facilities. Prior to recordation, the subdivider shall work with the City and the Public Works Director to establish the necessary financing and implementation measures to ensure the provision of a fair share of such necessary facilities.
- 4.15 A total of 20 final, blue-line, final maps shall be submitted to the Public Works Department for final distribution to the agencies.
- 4.16 All perimeter walls and/or fencing materials shall be subject to approval by the Director of Planning. No wood fencing shall be permitted in this project.
- 4.17 The following changes and modifications to the Tentative Tract Map shall be reflected in the Final Map and in the execution of the project:
- a. A total landscaped area/parkway width of a least 20 feet shall be provided along Fourth Street.
 - b. The roadway cross-section Fourth Street shall be modified to provide for a 14 foot raised, landscaped median.
 - c. Additional Right-of-Way shall be dedicated to provide for bus turn-out(s), where determined by the Beaumont Transit Director, pursuant to Riverside County Transit design criteria.
- 4.18 Prior to recording of Final Map, the applicant shall offer dedication or submit an open-space land uses on approximately 180 acres of contiguous ownership, south of the tract boundary. The plan shall include open-space and recreation uses, which are consistent with the Cooper's Creek Connectivity Policy Plan.

Exhibit B



Prepared by the office of
SSD Design Studio, Inc.
 1000 Wilshire Blvd. # 1211
 Culver City, CA 90230
 Los Angeles, CA 90045
 Tel: (310) 271-2000
 Fax: (310) 271-2000
 www.ssd-studio.com

Drawing No. **CITY OF BEAUMONT**
 Job No. **2074.1185**
 Sheet No. **7** of **7**

HIDDEN CANYON INDUSTRIAL EXHIBIT

Staff Report

TO: Mayor and Council Members

FROM: Kevin Norville, Public Works Manager

DATE: February 19, 2019

SUBJECT: Approve the Third Amendment to the Professional Services Agreement with Mark Thomas and Company, Inc. for the Potrero Boulevard at State Route 60 Interchange Project Phase 1 Extending the Term of the Contract

Background and Analysis:

On December 20, 2016, City Council approved a professional services agreement with Mark Thomas & Company, Inc., for the completion of design for the Potrero Boulevard at State Route 60 Interchange Phase 1 Project, in an amount not-to-exceed \$140,000. The first phase of the project includes the construction of a six (6) lane bridge, with a center median and bicycle lanes, extension of Potrero Boulevard over SR-60, a connection ramp on Western Knolls, and freeway widening at the Potrero Bridge location.

On April 18, 2017, City Council approved Amendment No. 1 to existing contracts with the City's design consultant Mark Thomas and Company, Inc., for Potrero Boulevard at State Route 60 Interchange Phase 1, in an amount to not exceed \$131,000. Substantial revisions were needed to complete the plans and specifications.

On October 17, 2017, City Council approved Amendment No. 2 to consultant agreement with Mark Thomas and Company, Inc., in an amount not to exceed \$171,300. The additional scope was to provide construction and bid support services for design clarification, change orders, requests for information, and claim support.

Amendment No. 3 of the professional services agreement is needed to extend the term of the contract, with a new termination date of September 30, 2019, which will allow Mark Thomas and Company, Inc. to complete the full scope of work for construction support and project close-out. In addition, Mark Thomas and Company Inc.'s, charge rate schedule changed on July 1, 2018. The rate schedule had not been adjusted since contract amendment for construction support services was approved in 2017. Any differences in the hourly rates will not affect the existing total contract amount.

Fiscal Impact:

Potrero Phase 1 (Project #2016-003) Mark Thomas Accounting

Original Agreement	\$	140,000.00
Contract Amendment #1	\$	131,000.00
Contract Amendment #2	\$	171,300.00
Total Contract Amount	\$	442,300.00
Total Billings to Date	\$	384,678.53
Remaining Project Account Balance	\$	57,621.47

The cost to prepare this staff report is estimated at \$225.00.

Finance Director Review: 

Recommendation:

1. Approve the Third Amendment to the Professional Services Agreement with Mark Thomas and Company, Inc.; and
2. Authorize the Mayor to execute the Third Amendment on behalf of the City.

City Manager Review: 

Attachments

- A. Professional Services Agreements with Mark Thomas & Company, Inc. (Original Agreement)
- B. First Amendment to the Professional Services Agreement with Mark Thomas and Company, Inc.
- C. Second Amendment to the Professional Services Agreement with Mark Thomas and Company, Inc.
- D. Third Amendment to the Professional Services Agreement with Mark Thomas and Company, Inc Along and Proposal of Increased Rate Schedule

Attachment A

**Original Amendment to the
Professional Services Agreement
With Mark Thomas and Company, Inc.**

AGREEMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR

THIS AGREEMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR is made and effective as of the 20th day of December, 2016, by and between the CITY OF BEAUMONT ("CITY") whose address is 550 E. 6th Street, Beaumont, California 92223 and Mark Thomas & Company whose address is 16795 Von Karman Ave. #200, Irvine, CA, 92606 ("CONTRACTOR"). #205

RECITALS

This Agreement is entered into on the basis of the following facts, understandings and intentions of the parties to this Agreement:

A. CITY desires to engage CONTRACTOR to provide Professional Engineering design services for Potrero Road.

B. CONTRACTOR has made a proposal ("Proposal") to the CITY to provide such professional services, which Proposal is attached hereto as Exhibit "A";

C. CONTRACTOR agrees to provide such services pursuant to, and in accordance with, the terms and conditions of this Agreement, and represents and warrants to CITY that CONTRACTOR possesses the necessary skills, licenses, certifications, qualifications, personnel and equipment to provide such services.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and mutual covenants contained herein, CITY and CONTRACTOR agree as follows:

1. Term of Agreement. This Agreement is effective as of the date first above written and shall continue until terminated as provided for herein. Not with standing anything in this Agreement, this Agreement shall automatically terminate after one (1) year unless extended by the parties with the approval of the City Council of the CITY.

2. Services to be Performed. CONTRACTOR agrees to provide the services ("Services") as follows: complete the interim and Phase 1 design of Potrero Road and any other services which the City may request in writing from time to time. All Services shall be performed in the manner and according to the timeframe set forth in the Proposal. CONTRACTOR designates Rob Himes as CONTRACTOR'S professional responsible for overseeing the Services provided by CONTRACTOR.

3. Associates and Subcontractors. CONTRACTOR may, at CONTRACTOR's sole cost and expense, employ such competent and qualified independent associates, subcontractors and consultants as CONTRACTOR deems necessary to perform the Services; provided, however, that CONTRACTOR shall not subcontract any of the Services without the written consent of CITY.

4. Compensation.

4.01 CITY agrees to pay CONTRACTOR the amount as set forth in the Proposal. CONTRACTOR shall be paid at the rates set forth in the Proposal and shall not increase any rate without the prior written consent of the CITY. Not with standing anything in this Section 4, total fees and charges paid by CITY under this Agreement shall not exceed amount to be determined as needed without approval by the City Council of CITY.

4.02 CONTRACTOR shall not be compensated for any Services rendered nor reimbursed for any expenses incurred in excess of those authorized unless approved in advance by the CITY, in writing.

4.03 CONTRACTOR shall submit to CITY, on or before the fifteenth (15th) of each month, itemized invoices for the Services rendered in the previous month. CITY shall have the right to review and audit all invoices prior to or after payment to CONTRACTOR. This review and audit may include, but not be limited to CITY's:

a. Determination that any hourly fee charged is consistent with this Agreement's approved hourly rate schedule;

b. Determination that the multiplication of the hours billed times the approved rate schedule dollars is correct;

c. Determination that each item charged is the usual, customary, and reasonable charge for the particular item. If CITY determines an item charged is greater than usual, customary, or reasonable, or is duplicative, ambiguous, excessive, or inappropriate, CITY shall either return the bill to CONTRACTOR with a request for explanation or adjust the payment accordingly, and give notice to CONTRACTOR of the adjustment.

4.04 CITY shall pay such invoice within thirty (30) days of its receipt. Should CITY dispute any portion of any invoice, CITY shall pay the undisputed portion within the time stated above, and at the same time advice CONTRACTOR in writing of the disputed portion.

5. Obligations of CONTRACTOR.

5.01 CONTRACTOR agrees to perform all Services in accordance with the terms and conditions of this Agreement and the Proposal. In the event that the terms of the Proposal shall conflict with the terms of this Agreement, or contain additional terms other than the Services to be rendered and the price for the Services, the terms of this Agreement shall govern and said additional or conflicting terms shall be of no force or effect.

5.02 Except as otherwise agreed by the parties, CONTRACTOR will supply all personnel, materials and equipment required to perform the Services. CONTRACTOR shall provide its own offices, telephones, vehicles and computers and set its own work

hours. CONTRACTOR will determine the method, details, and means of performing the Services under this Agreement.

5.03 CONTRACTOR shall keep CITY informed as to the progress of the Services by means of regular and frequent consultations. Additionally, when requested by CITY, CONTRACTOR shall prepare written status reports.

5.04 CONTRACTOR is responsible for paying, when due, all income and other taxes, fees and withholding, including withholding state and federal taxes, social security, unemployment and worker's compensation, incurred as a result of the compensation paid under this Agreement. CONTRACTOR agrees to indemnify, defend and hold harmless CITY for any claims, costs, losses, fees, penalties, interest, or damages suffered by CITY resulting from CONTRACTOR's failure to comply with this provision.

5.05 In the event CONTRACTOR is required to prepare plans, drawings, specifications and/or estimates, the same shall be furnished in conformance with local, state and federal laws, rules and regulations.

5.06 CONTRACTOR represents that it possesses all required licenses necessary or applicable to the performance of Services under this Agreement and the Proposal and shall obtain and keep in full force and effect all permits and approvals required to perform the Services herein. In the event CITY is required to obtain an approval or permit from another governmental entity, CONTRACTOR shall provide all necessary supporting documents to be filed with such entity.

5.07 CONTRACTOR shall be solely responsible for obtaining Employment Eligibility Verification information from CONTRACTOR's employees, in compliance with the Immigration Reform and Control Act of 1986, Pub. L. 99-603 (8 U.S.C. 1324a), and shall ensure that CONTRACTOR's employees are eligible to work in the United States.

5.08 In the event that CONTRACTOR employs, contracts with, or otherwise utilizes any CalPers retirees in completing any of the Services performed hereunder, such instances shall be disclosed in advance to the CITY and shall be subject to the CITY's advance written approval.

5.09 Drug-free Workplace Certification. By signing this Agreement, the CONTRACTOR hereby certifies under penalty of perjury under the laws of the State of California that the CONTRACTOR will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code, Section 8350 et seq.) and will provide a drug-free workplace.

5.10 CONTRACTOR shall comply with all applicable local, state and federal laws, rules, regulations, entitlements and/or permits applicable to, or governing the Services authorized hereunder.

6. Insurance. CONTRACTOR hereby agrees to be solely responsible for the health and safety of its employees and agents in performing the Services under this Agreement and

shall comply with all laws applicable to worker safety including but not limited to Cal-OSHA. Therefore, throughout the duration of this Agreement, CONTRACTOR hereby covenants and agrees to maintain insurance in conformance with the requirements set forth below. If existing coverage does not meet the requirements set forth herein, CONTRACTOR agrees to amend, supplement or endorse the existing coverage to do so. CONTRACTOR shall provide the following types and amounts of insurance:

6.01 Commercial general liability insurance in an amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate; CONTRACTOR agrees to have its insurer endorse the general liability coverage required herein to include as additional insured's CITY, its officials, employees and agents. CONTRACTOR also agrees to require all contractors and subcontractors to provide the same coverage required under this Section 6.

6.02 Business Auto Coverage in an amount no less than \$1 million per accident. If CONTRACTOR or CONTRACTOR's employees will use personal autos in performance of the Services hereunder, CONTRACTOR shall provide evidence of personal auto liability coverage for each such person.

6.03 Workers' Compensation coverage for any of CONTRACTOR's employees that will be providing any Services hereunder. CONTRACTOR will have a state-approved policy form providing statutory benefits as required by California law. The provisions of any workers' compensation will not limit the obligations of CONTRACTOR under this Agreement. CONTRACTOR expressly agrees not to use any statutory immunity defenses under such laws with respect to CITY, its employees, officials and agents.

6.04 Optional Insurance Coverage. Choose and check one: Required X /Not Required ; Errors and omissions insurance in a minimum amount of \$2 million per occurrence to cover any negligent acts or omissions committed by CONTRACTOR, its employees and/or agents in the performance of any Services for CITY.

7. General Conditions pertaining to Insurance Coverage

7.01 No liability insurance coverage provided shall prohibit CONTRACTOR from waiving the right of subrogation prior to a loss. CONTRACTOR waives all rights of subrogation against CITY regardless of the applicability of insurance proceeds and shall require all contractors and subcontractors to do likewise.

7.02. Prior to beginning the Services under this Agreement, CONTRACTOR shall furnish CITY with certificates of insurance, endorsements, and upon request, complete copies of all policies, including complete copies of all endorsements. All copies of policies and endorsements shall show the signature of a person authorized by that insurer to bind coverage on its behalf.

7.03. All required policies shall be issued by a highly rated insurer with a minimum A.M. Best rating of "A:VII"). The insurer(s) shall be admitted and licensed to do business in California. The certificates of insurance hereunder shall state that coverage

shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice has been given to CITY.

7.04 Self-insurance does not comply with these insurance specifications. CONTRACTOR acknowledges and agrees that that all insurance coverage required to be provided by CONTRACTOR or any subcontractor, shall apply first and on a primary, non-contributing basis in relation to any other insurance, indemnity or self-insurance available to CITY.

7.05 All coverage types and limits required are subject to approval, modification and additional requirements by CITY, as the need arises. CONTRACTOR shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect CITY's protection without CITY's prior written consent.

7.06 CONTRACTOR agrees to provide immediate notice to CITY of any claim or loss against CONTRACTOR or arising out of the Services performed under this Agreement. CITY assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve CITY.

8. Indemnification.

8.01 CONTRACTOR and CITY agree that CITY, its employees, agents and officials should, to the extent permitted by law, be fully protected from any loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, defense costs, court costs or any other costs actually caused by the negligent performance of this Agreement by CONTRACTOR or any subcontractor or agent of either. CONTRACTOR acknowledges that CITY would not enter into this Agreement in the absence of the commitment of CONTRACTOR to indemnify and protect CITY as set forth herein.

a. To the fullest extent permitted by law, CONTRACTOR shall defend, indemnify and hold harmless CITY, its employees, and officials, from any liability, claims, suits, actions, mediation proceedings, administrative proceedings, regulatory proceedings, losses, expenses, damages or costs of any kind, whether actual, alleged or threatened, actual attorneys' fees incurred by CITY, court costs, interest, defense costs, including expert witness fees and any other costs or expenses of any kind whatsoever without restriction or limitation incurred in relation to, as a consequence actually caused by the negligent performance of this Agreement.

b. Without affecting the rights of CITY under any provision of this Agreement or this Section, CONTRACTOR shall not be required to indemnify and hold harmless CITY as set forth above for liability attributable solely to the fault of CITY, provided such fault is determined by agreement between the parties or the findings of a court of competent jurisdiction.

9. Additional Services, Changes and Deletions.

9.01 In the event CONTRACTOR performs additional or different services than those described herein without the prior written approval of the City Manager and/or City Council of CITY, CONTRACTOR shall not be compensated for such services. CONTRACTOR expressly waives any right to be compensated for services and materials not covered by the scope of this Agreement or authorized by the CITY in writing.

9.02 CONTRACTOR shall promptly advise the City Manager and Finance Director of CITY as soon as reasonably practicable upon gaining knowledge of a condition, event or accumulation of events which may affect the scope and/or cost of Services. All proposed changes, modifications, deletions and/or requests for additional services shall be reduced to writing for review and approval by the CITY and/or City Council.

10. Termination of Agreement.

10.01 Notwithstanding any other provision of this Agreement, CITY, at its sole option, may terminate this Agreement with or without cause, or for no cause, at any time by giving twenty (20) days' written notice to CONTRACTOR.

10.02 In the event of termination, the payment of monies due CONTRACTOR for undisputed Services performed prior to the effective date of such termination shall be paid within thirty (30) business days after receipt of an invoice as provided in this Agreement. Immediately upon termination, CONTRACTOR agrees to promptly provide and deliver to CITY all original documents, reports, studies, plans, specifications and the like which are in the possession or control of CONTRACTOR and pertain to CITY.

11. Status of CONTRACTOR.

11.01 CONTRACTOR shall perform the Services in CONTRACTOR's own way as an independent contractor, and in pursuit of CONTRACTOR's independent calling, and not as an employee of CITY. However, CONTRACTOR shall regularly confer with CITY's City Manager as provided for in this Agreement.

11.02 CONTRACTOR agrees that it is not entitled to the rights and benefits afforded to CITY's employees, including disability or unemployment insurance, workers' compensation, retirement, CalPers, medical insurance, sick leave, or any other employment benefit. CONTRACTOR is responsible for providing, at its own expense, disability, unemployment, workers' compensation and other insurance, training, permits, and licenses for itself and its employees and subcontractors.

11.03 CONTRACTOR hereby specifically represents and warrants to CITY that it possesses the qualifications and skills necessary to perform the Services under this Agreement in a competent, professional manner, without the advice or direction of CITY and that the Services to be rendered pursuant to this Agreement shall be performed in accordance with the standards customarily applicable to an experienced and competent professional rendering the same or similar services. Further, CONTRACTOR represents and warrants that the individual signing this Agreement on behalf of CONTRACTOR has

the full authority to bind CONTRACTOR to this Agreement.

12. Ownership of Documents; Audit.

12.01 All draft and final reports, plans, drawings, studies, maps, photographs, specifications, data, notes, manuals, warranties and all other documents of any kind or nature prepared, developed or obtained by CONTRACTOR in connection with the performance of Services performed for the CITY shall become the sole property of CITY, and CONTRACTOR shall promptly deliver all such materials to CITY upon request. At the CITY's sole discretion, CONTRACTOR may be permitted to retain original documents, and furnish reproductions to CITY upon request, at no cost to CITY.

12.02 Subject to applicable federal and state laws, rules and regulations, CITY shall hold all intellectual property rights to any materials developed pursuant to this Agreement. CONTRACTOR shall not such use data or documents for purposes other than the performance of this Agreement, nor shall CONTRACTOR release, reproduce, distribute, publish, adapt for future use or any other purposes, or otherwise use, any data or other materials first produced in the performance of this Agreement, nor authorize others to do so, without the prior written consent of CITY.

12.03 CONTRACTOR shall retain and maintain, for a period not less than four years following termination of this Agreement, all time records, accounting records and vouchers and all other records with respect to all matters concerning Services performed, compensation paid and expenses reimbursed. At any time during normal business hours and as often as CITY may deem necessary, CONTRACTOR shall make available to CITY's agents for examination all of such records and shall permit CITY's agents to audit, examine and reproduce such records.

13. Miscellaneous Provisions.

13.01 This Agreement, which includes all attached exhibits, supersedes any and all previous agreements, either oral or written, between the parties hereto with respect to the rendering of Services by CONTRACTOR for CITY and contains all of the covenants and agreements between the parties with respect to the rendering of such Services in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing signed by both parties.

13.02 CONTRACTOR shall not assign or otherwise transfer any rights or interest in this Agreement without the prior written consent of CITY. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

13.03 CONTRACTOR shall timely file FPPC Form 700 Conflict of Interest Statements with CITY if required by California law and/or the CITY's conflict of interest policy.

13.04 If any legal action or proceeding, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party

will be entitled to reasonable attorneys' fees and costs, in addition to any other relief to which that party may be entitled.

13.05 This Agreement is made, entered into and shall be performed in the County of Riverside in the State of California and shall in all respects be interpreted, enforced and governed under the laws of the State of California.

13.06 CONTRACTOR covenants that neither it nor any officer or principal of its firm has any interest, nor shall they acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of their Services hereunder. CONTRACTOR further covenants that in the performance of this Agreement, no person having such interest shall be employed by it as an officer, employee, agent, or subcontractor.

13.07 CONTRACTOR has read and is aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflicts of interest of public officers and employees. CONTRACTOR agrees that they are unaware of any financial or economic interest of any public officer or employee of the CITY relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, the CITY may immediately terminate this Agreement by giving notice thereof. CONTRACTOR shall comply with the requirements of Government Code section 87100 et seq. and section 1090 in the performance of and during the term of this Agreement.

13.08 Improper Consideration. CONTRACTOR shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to, cash, discounts, services, the provision of travel or entertainment, or any items of value to any officer, employee or agent of the CITY in an attempt to secure favorable treatment regarding this Agreement or any contract awarded by CITY. The CITY, by notice, may immediately terminate this Agreement if it determines that any improper consideration as described in the preceding sentence was offered to any officer, employee or agent of the CITY with respect to the proposal and award process of this Agreement or any CITY contract. This prohibition shall apply to any amendment, extension or evaluation process once this Agreement or any CITY contract has been awarded. CONTRACTOR shall immediately report any attempt by any CITY officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from CONTRACTOR.

IN WITNESS WHEREOF, the parties hereby have made and executed this Agreement to be effective as of the day and year first above-written.

CITY:

CITY OF BEAUMONT

By: 
Cloyd White, Mayor

CONTRACTOR:

Mark Thomas & Company

By: 

Print Name: Robert A. Holmes

Title: President

Attachment B

**First Amendment to the
Professional Services Agreement
With Mark Thomas and Company, Inc.**

Project No. AL-16104

AMENDMENT NO. 1
TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
CITY OF BEAUMONT
AND
MARK THOMAS & COMPANY, INC.

This Amendment No. 1 to the Professional Services Agreement between **CITY OF BEAUMONT** and **Mark Thomas & Company, Inc.** dated April 18, 2017 was executed on 6/14/17 and is agreed to as follows:

1. Contract dated 16th day of August, 2016 Section 2, **SCOPE OF SERVICES**, is modified as follows:
 - a. Review Right-of-Way Requirement Map Revisions.
 - b. Obtain Non-standard Special Provisions approval from Caltrans (including previously ones approved on 8/20/2014).
 - c. Erosions Control Plans review and signed off by licensed Landscape Architect
 - d. Revisions due changes in Caltrans Highway Design Manual (updated 12/16/2016), Standard Specifications (updated 12/2/2016, 1/20/2017, 3/3/2017), Standard Plans (updated 1/20/2017), and Bid Items (updated 1/20/2017)
 - e. Support and provide design files/documents for approval of Area Deposit Lead variance from Department of Toxic Substances Control
 - f. Revisions due to Caltrans design standards and policy changes that are not published externally; including Contrast Pavement Striping (memo dated 1/19/2016), Sign Panel Sheeting (policy directive dated 12/11/2014), State Furnished Material/Expenses (Annual Construction General Permit Fee memo dated 9/28/2015)
 - g. Prepare additional Truck Turn Templates per Caltrans request
 - h. Coordinate and response to Caltrans comments and prepare one more round (Final) of 100% (Final) PS&E (Plans, Specifications, and Estimates)

2. Contract dated 16th day of August, 2016 Section 4, **SCHEDULE OF SERVICES**, is modified as follows:
 - a. Target to have 100% PS&E (Plans, Specifications, and Estimates) approved and signed off by Caltrans by 6/30/2017. Schedule driven by Caltrans review and may extend beyond the target deadline.

3. Contract dated 16th day of August, 2016 Section 5, **PAYMENT**, is modified as follows:

Total compensation for Professional Services provided herein, is increased by
\$ \$131,000 for a new total not to exceed amount of \$ ~~241,000.00~~ 271,000

4. As hereby amended, the terms and conditions of the Agreement and Amendments shall remain in full force and effect.

Effective Date: April 18, 2017

Termination Date: April 18, 2018


MARK THOMAS & COMPANY, INC.
(Consultant)

By


Robert Himes
President

CITY OF BEAUMONT
(Client)

By


Signature
Alfred Lloyd White
Please Print Name
Mayor
Title

Attachment C

**Second Amendment to the
Professional Services Agreement
With Mark Thomas and Company, Inc.**

Project No. AL-16104

AMENDMENT NO. 2
TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
CITY OF BEAUMONT
AND
MARK THOMAS & COMPANY, INC.

This Amendment No. 2 to the Professional Services Agreement between CITY OF BEAUMONT and Mark Thomas & Company, Inc. dated October 18, 2017 was executed on _____ and is agreed to as follows:

1. Section 1, **SCOPE OF SERVICES**, is modified as follows:

- a) Scope
 - 1. Submittals/Shop Drawings
 - 2. Construction Meetings
 - 3. As-Builts
 - 4. Subconsultant Services

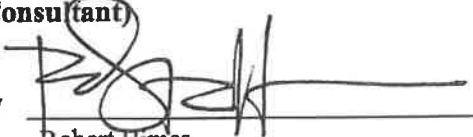
2. Section 5, **PAYMENT**, is modified as follows:

Total compensation for Professional Services provided herein, is increased by \$171,300 for a new total not to exceed amount of \$442,300.00.

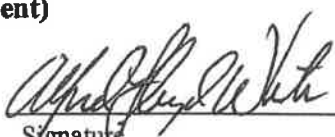
3. As hereby amended, the terms and conditions of the Agreement and Amendments shall remain in full force and effect.

Effective Date: October 18, 2017

MARK THOMAS & COMPANY, INC.
(Consultant)

By 
Robert Himes
President

CITY OF BEAUMONT
(Client)

By 
Signature
Alfred Lloyd White
Please Print Name
Mayor
Title

PO 167

Attachment D

**Third Amendment to the
Professional Services Agreement
With Mark Thomas and Company, Inc and Proposal
of Increased Rate Schedule**

**THIRD AMENDMENT
TO
AGREEMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR
(Mark Thomas & Company, Inc.)**

THIS THIRD AMENDMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR is made and effective as of the 19th day of February, 2019, by and between the CITY OF BEAUMONT (“CITY”) whose address is 550 E. 6th Street, Beaumont, California 92223 and Mark Thomas & Company, Inc., a California corporation, whose address is 16795 Von Karman Avenue, Suite 205, Irvine, CA. 92606 (“CONTRACTOR”) in consideration of the mutual promises and purpose contained herein, the parties agree as follow:

RECITALS

A. WHEREAS, CITY and CONTRACTOR executed that certain AGREEMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR (“Agreement”) for design services for the SR-60/Potrero Boulevard Interchange Phase 1 Project, dated December 20, 2016, a copy of which is attached hereto as **Exhibit A**; and

B. WHEREAS, the City amended the Agreement under the First Amendment dated April 18, 2017 increasing the not-to-exceed amount under the Agreement to \$271,000 as provided therein, a copy of which is attached as **Exhibit B**; and

C. WHEREAS, the City amended the Agreement under the Second Amendment dated October 16, 2017, increasing the not-to-exceed amount under the Agreement to \$442,000 as provided therein, a copy of which is attached as **Exhibit C**; and

D. WHEREAS, the Parties wish to further amend the Agreement to extend the term of the agreement to CONTRACTOR and rate schedule adjustment as outlined in their Proposal (“Proposal”) dated January 16th, 2019, which is attached hereto as **Exhibit D** and made a part hereof.

AMENDMENT TO ORIGINAL AGREEMENT

NOW THEREFORE, the Parties hereby amend the Agreement as follows:

1. **Term.** The term of the Agreement is extended to encompass the period of time during which the Services are to be provided hereunder, but not to exceed the September 30th, 2019.
2. **Rate Schedule Change.** Mark Thomas’s Charge Rate Schedule has changed effective July 1, 2018. The differences in the hourly rates will not affect the existing total contract not to exceed amount.

3. **No Other Changes.** All other terms and conditions contained in the Agreement shall remain in full force and effect. To the extent of a conflict between this Amendment and the Agreement, as amended, this Amendment shall control. Provisions in the Proposal other than the price and the Services are of no force or effect. Except as stated in this Amendment, all capitalized terms herein shall have the meaning ascribed in the Agreement.

IN WITNESS WHEREOF, the parties hereby have made and executed this Agreement to be effective as of the day and year first above-written.

CITY:

CITY OF BEAUMONT

By: _____
Julio Martinez, Mayor

CONTRACTOR:

By: _____

Print Name: _____

Title: _____



January 16, 2019

File No. AL-16104

Mr. Selim Bouhamidi
City of Beaumont
550 E. 6th Street
Beaumont, CA 92223

RE: POTRERO BRIDGE – PHASE 1 AND 1A – P.O. # 167

Dear Mr. Bouhamidi:

During our annual review of our project, we noticed the referenced contract expired on April 18, 2018. We are requesting an extension for the above-referenced contract for Construction Support Services for the Potrero Boulevard Phase 1 and 1A project, which is expected to be completed this year. Mark Thomas is requesting to extend the contract date to September 30th, 2019, which should cover any closeout item post-construction.

Additionally, enclosed please find Mark Thomas's Charge Rate Schedule effective July 1, 2018. Our rate schedule has not been adjusted since our contract amendment for construction support services was approved in 2017. Please be assured that any differences there may be in the hourly rates will not affect the existing total contract amount.

If you have any questions, please feel free to contact me at (949) 477-9000.

Sincerely,

MARK THOMAS

Ravi Shah
Deputy Project Manager
on behalf of Rob Himes



(949) 477-9000
16795 VON KARMAN AVENUE, SUITE 205
IRVINE, CA 92606

MARKTHOMAS.COM

EXHIBIT A
Mark Thomas & Company, Inc. Rate Schedule
 Expires June 30, 2019*

HOURLY CHARGE RATES

Engineering Services

Sr. Principal	\$284
Principal	\$284
Sr. Engineering Manager	\$284
Engineering Manager	\$284
Practice Area Leader	\$284
Sr. Project Manager	\$238
Sr. Technical Lead	\$238
Project Manager	\$195
Technical Lead	\$195
Sr. Project Engineer	\$167
Sr. Technical Engineer	\$167
Project Engineer	\$146
Design Engineer II	\$128
Design Engineer I	\$103
Sr. Technician	\$123
Technician	\$91
Intern	\$60

Survey Services

Sr. Survey Manager	\$225
Survey Manager	\$210
Sr. Project Surveyor	\$190
Project Surveyor	\$160
Sr. Surveyor	\$145
Surveyor	\$125
Lead Survey Technician	\$150
Sr. Survey Technician	\$125
Survey Technician	\$110
Survey Intern	\$75
Single Chief	\$150
Single Chainman	\$125
Apprentice	\$80
1 Person Field Crew	\$175
2 Person Field Crew	\$275
3 Person Field Crew	\$375

Urban Planning/Landscape Architecture Services

Sr. LAUD Division Manager	\$252
LAUD Division Manager	\$230
Sr. LAUD Project Manager	\$200
LAUD Project Manager	\$178
Landscape Architect II	\$145
Landscape Architect I	\$107
Landscape Designer II	\$98
Landscape Designer I	\$72
Intern	\$60

Project Support/Coordination Services

Sr. Project Accountant	\$130
Project Accountant	\$103
Sr. Project Coordinator	\$124
Project Coordinator	\$98
Sr. Project Assistant	\$94
Project Assistant	\$66
Sr. Technical Writer	\$107
Technical Writer	\$68
Sr. Graphic Designer	\$117
Graphic Designer	\$83

District Management Services

Deputy District Manager	\$247
Sr. Inspector	\$124
Inspector	\$90

Grant Writing Services

Sr. Funding Specialist	\$155
Funding Specialist	\$125

Construction Management Services

Resident Engineer	\$236
Construction Inspector	\$159

Special Services

Expert Witness	\$405
Strategic Consulting	\$405

OTHER DIRECT COSTS

Reimbursables including, but not limited to:

Reproductions, Filing Fees and Field Expenses	Cost Plus 5%
Mileage	Per IRS Rate
Outside Consultant Fees	Cost Plus 5%

Staff Report

TO: Mayor and City Council Members

FROM: Kristine Day, Assistant City Manager

DATE: February 19, 2019

SUBJECT: Approve Amendment No. 2 to the Professional Services Agreement with Utility Partners, LLC., for Wastewater Treatment Plant Operation and Maintenance Services for Three (3) Months in the Amount not to Exceed \$23,040.00 and Continue Biosolids Hauling for Two (2) Months at a Rate of \$17.60/Ton and \$852.50/Load

Background and Analysis:

On March 7, 2017, City Council approved the award of a professional services agreement to Utility Partners, LLC in the amount of \$686,808 (\$57,234 per month) from March 2017 to March 2018. This contract also included biosolids hauling at a rate of \$48 per ton. The term of the professional services agreement for the operations and maintenance of the Wastewater Treatment Plant (WWTP) was five (5) years with yearly extensions subject to City Council approval.

On February 20, 2018, City Council approved Amendment No. 1 to the professional services agreement with Utility Partners, LLC., (Utility Partners) for one (1) year in the amount of \$708,099 (\$59,008.25 per month) and continued biosolids hauling at a rate of \$48 per ton.

The City recommends amending Utility Partner's contract for three (3) months to aid in the transition of the operation and maintenance of the wastewater treatment facility, disposal system and the lift stations to the City's new in-house wastewater treatment plant operations department. The City has hired staff to take over plant operations beginning March 1, 2019. There will need to be a short transition from the Utility Partners staff to City staff. Utility Partners will continue to have a CA Grade V operator for approximately 20 hours per week to provide assistance and support for City staff.

The City also recommends continuing biosolids hauling for two (2) months in the amount of \$17.60 per ton and \$852.50 per load. The City issued an RFP for Sludge Hauling Services for the WWTP to contract the services directly with the City. The proposals are due on March 5, 2019, and the City is anticipating taking the proposal to City Council on March 19,

2019, for approval. The sludge hauling contract through Utility Partners will continue for the months of March and April, with the City's sludge hauling contract to start on May 1, 2019.

Fiscal Impact:

The professional services agreement with Utility Partners, LLC in the not to exceed amount of \$23,040 is to be paid from the Sewer Enterprise Fund (700-4050-7068-0000). The sludge hauling cost for two months is approximately \$64,000.

Finance Director Review: 

Recommendation:

1. Approve Amendment No. 2 to the Professional Services Agreement with Utility Partners, LLC., for wastewater treatment plant operation and maintenance services for three (3) months in the amount not to exceed \$23,040.
2. Continue biosolids hauling for two (2) months at a rate of \$17.60/ton and \$852.50/load.

City Manager Review: 

Attachments:

- A. Second Amendment to Professional Services Agreement

Attachment A

Second Amendment to Professional Services Agreement

**SECOND AMENDMENT
TO
TO PROFESSIONAL SERVICES AGREEMENT**

THIS SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT ("Amendment") is made and effective as of the 19th day of February, 2019 by and between the CITY OF BEAUMONT ("City"), a general law city, whose address is 550 E. 6th Street, Beaumont, California 92223 and Utility Partners, LLC, a Georgia limited liability company qualified to do business in the state of California, whose address is 9165 Prescott Downs Street, Las Vegas, NV 89148 ("Contractor") in consideration of the mutual promises and purpose contained herein, the parties agree as follow:

RECITALS

This Amendment is made with respect to the following facts and purpose that the parties agree are true and correct:

A. On March 8, 2017, the City and Contractor, entered into that certain agreement entitled Agreement for Professional Services by Independent Contractor ("Agreement") for wastewater treatment plant operation and maintenance services.

B. On February 20, 2018 the City and Contractor entered into that certain First Amendment to the Agreement (the "Amendment" and collectively the "Agreement").

C. The current term of the Agreement, as amended, expires on February 28, 2019.

D. Contractor has provided a Proposal dated February 13, 2019, a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference, to extend the term of the Agreement for a fixed term of three months and to change the scope of the Services to accommodate the City's transition of the Services to its in-house waste water treatment department.

AMENDMENT

1. The Agreement is hereby amended as follows:

Section 1 Term of Agreement. Commencing March 1, 2019 the Agreement shall continue for a term of three months expiring May 31, 2019.

Section 2. Services to be Performed. Contractor agrees to provide the services ("Services") as follows: Transition of the operation and maintenance of the wastewater treatment facility, disposal system and the lift stations to the City's new in-house waste water treatment plant operations department as provided in the Proposal commencing on March 1, 2019. Bio Solids disposal for the months of March and April only to be billed separately as provided in Section 4.01, below. Subject to this Amendment, all Services shall be performed in the manner and according to the time frame set forth in the Proposal. Contractor acknowledges that it shall have completed its annual report to be filed with the appropriate agency(s) for the preceding period on or before March 1, 2019 and such services shall be covered by the Agreement exclusive of this Amendment.

Section 4.01 Compensation. Commencing March 1, 2019 City agrees to pay Contractor Seven Thousand Six Hundred and Eighty Dollars (\$7,680.00) per month for a total of Twenty Three Thousand and Forty Dollars (\$23,040.00) for the three month term of this Amendment. Bio Solids disposal for the month of March and April only at a rate of \$17.60/ton and \$852.50/load.

Section 10.01. Termination. Notwithstanding anything to the contrary in this Agreement, the City at its sole option, may terminate this Agreement, as amended, with or without cause, or for no cause, at any time by giving twenty days advanced written notice to Contractor.

ADDITIONAL TERMS

Assignment of Agreements. Contractor agrees to cause the assignment to City of Contractor's agreements with certain vendors as are requested by City to enable it to take over the operation of the City's waste water treatment facility. City agrees to assume and perform said agreements commencing on the date of the assignment. The forgoing agreements shall include the internet and alarm services agreements and such others as are mutually agreed to by City and Contractor.

Purchase of Equipment. City shall have the option to purchase certain supplies and equipment of Contractor remaining on City property at a price as mutually agreed by Contractor, pursuant to a separate bill of sale executed by the City Manager and within the scope of authority of the City Manager under the City policies.

Cleanup. Prior to the expiration of this Agreement, as amended, at no additional cost to City, Contractor shall remove all of its personal property, supplies and equipment located on City property including, but not limited to, any chemicals, waste oils and other hazardous materials. Contractor shall leave the area in a broom clean condition free from any contamination, chemicals, waste oils and other hazardous materials caused by Contractor.

The recitals to this Amendment are deemed incorporated herein by this reference. All other terms of the Agreement not expressly amended by this Amendment shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereby have made and executed this Amendment to be effective as of the day and year first above-written.

CITY:

CITY OF BEAUMONT

By: _____

Mayor

CONTRACTOR:

UTILITY PARTNERS, LLC, A Georgia limited liability company

By: _____

Print Name: _____

ATTEST

Title: _____

Nicole Wheelwright, Deputy City Clerk

APPROVED AS TO FORM

John Pinkney, City Attorney

EXHIBIT "A"
ATTACH PROPOSAL



February 12, 2019

Kristine Day
Assistant City Manager
City of Beaumont
550 East 6th Street
Beaumont, CA 92223

RE: Operations Assistance

Dear Kristine,

Thank you for the opportunity to submit this proposal to provide operations assistance for the city of Beaumont at the Wastewater Treatment Facility. Per your request, I submit the following proposal to provide operational assistance for a period of three months.

SCOPE OF SERVICE INCLUDED

- Available 5 days per week for assistance with wastewater operations (approximately 20 hours per week) On-Site hours: Monday 7:00am – 2:00pm, Tuesday 7:00am – 2:00pm, Wednesday 7:00am – 1:00pm. **This will be provided by Mike Perales (CA Grade V)**
- Regional VP engagement if needed, up to 6 hours/month
- Bio Solids disposal cost for the month of March and April only. This cost will be billed separately and at a rate of \$17.60/ton and \$852.50/load.

ADDITIONAL BILLINGS

- Any support provided outside of the included scope of service will be billed at \$93.00 per hour

The cost to provide operations assistance to your wastewater systems with the above mentioned scope of services is \$23,040.00 for three (3) months. The anticipated start date will be March 1, 2019 and end on May 31, 2019 (for a 12-week period). Once the proposal is accepted, Utility Partners will invoice the city in three equal amounts of \$7,680 beginning on 1 March 2019. Invoices are payable within 30 days.

I would again like to thank you for the opportunity to submit this proposal and hope to be working with the City of Beaumont again in the future. If at any time you have questions or comments please do not hesitate to call me.

Please sign this letter confirming your agreement and acceptance of this proposal.

Utility Partners, LLC
7220 S. Cimarron Rd
Suite 110
Las Vegas, NV 89113
Phone: 702.722.6711
www.utilitypartnersllc.com



Accepted By: _____

Kristine Day
Assistant City Manager

Respectfully Yours,

David Sircle
Vice President

David Sircle, Vice President
Utility Partners
Mobile: 603.566.6544
Email: david.sircle@utilitypartnersllc.com

Cc: Bill Douglass, President, Utility Partners

Utility Partners, LLC
7220 S. Cimarron Rd
Suite 110
Las Vegas, NV 89113
Phone: 702.722.6711
www.utilitypartnersllc.com

Staff Report

TO: Mayor and City Council

FROM: Kristine Day, Assistant City Manager

DATE: February 19, 2019

SUBJECT: City Council Approval of the Assignment Agreement for the Brine Line Capacity and Approval of the Agreement and Consent Regarding Assignment and Assumption of the Inland Empire Brine Line Discharge Capacity Right in an Amount Not-to-Exceed \$6,600,000 for the Discharge Right and \$124,236 annually for Charges Associated with the Inland Empire Line

Background and Analysis:

This matter involves the City's purchase of .55 million gallons per day ("MGD") discharge capacity in the brine line for six million, six hundred thousand dollars (\$6,600,000) allowing the City to safely dispose of the salts and minerals filtered from its new Waste Water Treatment Plant ("WWTP"). In connection with the design and construction of the new WWTP, the City is required by the Santa Ana Regional Water Quality Control Board to reduce the salinity and mineral content of the water discharged from the WWTP. The WWTP will utilize a reverse osmosis system that removes salts and minerals from the waste water before it is discharged into Cooper's Creek or elsewhere. This is intended to diminish the salts and minerals that enter the groundwater which is used for drinking and other purposes.

The brine line's formal name is the Santa Ana Regional Interceptor ("SARI"). The SARI is a discharge pipeline that provides for the delivery, treatment and disposal of industrial wastewater from sources in the Inland Empire to the Orange County line and from there to a treatment and disposal facility in Orange County operated by the Orange County Sanitation District ("OCSD"). The brine line is subject to overall jurisdiction by the Santa Ana Watershed Project Authority ("SAWPA"), which in turn, delegates specified authority to other regional agencies.

Dairy Farmers of America ("DFA") holds contractual capacity rights to discharge into the brine line from Western Municipal Water District ("Western") which it no longer uses since closing its plant. The City desires to purchase these available capacity rights to discharge into the brine line from DFA. The purchase price for the discharge right is set by SAWPA. Prior to the City's acquisition of DFA's capacity rights, the City must secure transfer of management authority from Western, which is a further distance from the City, to San Bernardino Valley Municipal Water District ("Valley") which is nearer to the

City. The City is building its own discharge line from the WWTP to the brine line within Valley's jurisdictional boundaries. The transfer of authority to Valley requires the approval of SAWPA, Western and Valley. In addition, the City will be required to secure approval of the OCSD to discharge into the brine line. SAWPA has approved the transfer at its board meeting in January 2019. Valley and Western will consider the transfer at its meetings on February 19 & 20, 2019. Purchase of the discharge right is conditional upon these entities approving the transfer. Staff has received a letter from the General Manager of OCSD outlining the terms under which the City will be allowed to discharge into the brine line. OCSD's Board will be asked to approve the City's discharge once all conditions have been met with SAWPA.

To carry out the sale of the discharge rights in the brine line, DFA and the City Attorney's office have negotiated an assignment agreement for brine line capacity and an agreement and consent regarding assignment and assumption of Inland Empire Brine Line discharge capacity right (collectively "Agreement") whereby DFA assigns to the City its rights to 0.55 MGD under Contract No. 1.

Under the Agreement, the City will pay DFA 6.6 million dollars for the capacity rights. The City has also agreed to pay monthly charges to Western of approximately \$10,353.00 per month commencing January 1, 2019. The Agreement is contingent upon Valley, Western and SAWPA approving the transfer of the discharge right to the management authority of Valley. If SAWPA, Valley and Western do not approve the transfer, the City may require a refund of its deposit in the amount of \$660,000.00.

Fiscal Impact:

The City will pay Six Million Six Hundred Thousand Dollars (\$6,600,000.00) for the .55 MGD discharge right as well as up to \$124,236 annually for monthly charges associated with the maintenance of the line. Payment for the capacity will be made from the WWTP Bond proceeds held by the Trustee and monthly charges will be paid for from operating funds.

Finance Director Review:  _____

Recommendation:

1. Approval of the Assignment Agreement for the Brine Line Capacity and approval of the Agreement and Consent regarding Assignment and Assumption of the Inland Empire Brine Line Discharge Capacity Right in an amount not to exceed \$6,600,000 for the discharge right and \$124,236 annually for charges associated with the Inland Empire Line.

City Manager Review:  _____

Attachments:

- A. Assignment Agreement for Brine Line Capacity
- B. Agreement and Consent regarding Assignment and Assumption of Inland Empire Brine Line Discharge Capacity Right

Attachment A

Assignment Agreement for Brine Line Capacity

ASSIGNMENT AGREEMENT FOR BRINE LINE CAPACITY

This Assignment Agreement for Brine Line Capacity (“Agreement”) is dated for reference purposes February 19th, 2019, between Dairy Farmers of America, Inc., a Kansas cooperative marketing association (“DFA”), and the City of Beaumont, a municipal corporation (“City”) to be effective on the “Effective Date” (as defined below). DFA and City are each a “Party” and collectively the “Parties” to this Agreement.

RECITALS

- A. The Santa Ana Regional Interceptor (“SARI”), which is now commonly referred to as the Inland Empire Brine Line (“Brine Line”), is a discharge pipeline that provides for the delivery, treatment and disposal of industrial wastewater from sources in the Inland Empire to the Orange County line and from there to a treatment and disposal facility in Orange County operated by the Orange County Sanitation District (“OCSD”). The SARI is further defined in Contract No. 1, as defined below.
- B. The Brine Line is subject to overall jurisdiction by the Santa Ana Watershed Project Authority (“SAWPA”) which in turn delegates specified authority to other regional agencies.
- C. As required by the Santa Ana Regional Water Quality Control Board, the City is constructing a Waste Water Treatment Plant (“WWTP”) that will produce non-reclaimable brine as a byproduct.
- D. The City must acquire contractual capacity rights in the Brine Line and enter into agreements with several agencies in order to discharge WWTP non-reclaimable brine to the Brine Line in connection with its wastewater treatment plant expansion project.
- E. DFA holds fully transferable contractual capacity rights to discharge into the Brine Line from Western Municipal Water District (“Western”), which rights are currently under the management of Western.
- F. City desires to purchase the capacity rights to discharge into the Brine Line from DFA subject to the agreements and approvals provided for herein.
- G. Prior to City’s acquisition of DFA’s capacity rights City must secure transfer of management authority from Western which is distant from the City to San Bernardino Valley Municipal Water District (“Valley District”) which is near to the City.
- H. Western and DFA’s predecessor in interest Integrated Protein Technology (“IPT”) entered into that certain IPT-Western Industrial Capacity Contract No. 1, dated June 19, 1985 (“**Contract No. 1**”) for the discharge of industrial wastewater into the Brine Line. Based upon payment of all sums required and performance of various obligations contained within Contract No. 1, IPT acquired a 0.6 million gallons per day (“MGD” or “mgd”) discharge capacity right in the Brine

Line. A copy of Contract No. 1 is attached hereto as **Exhibit "A"** and incorporated herein by reference and made a part of this Agreement.

I. Western and IPT entered into that certain IPT-WMWD Industrial Capacity Contract No. 2, dated January 6, 1988 ("**Contract No. 2**") for the discharge of industrial wastewater into the Brine Line, as well as payment for an interim use of a discharge right for the discharge of waste that took place prior to the date of Contract No. 2. Based upon payment of all sums required and performance of various obligations contained within Contract No. 2, IPT acquired a 0.070 MGD discharge capacity right in the Brine Line which is in addition to its discharge right of 0.6 MGD discharge capacity right allocated under Contract No. 1. This additional right increased IPT's total discharge right to 0.670 MGD. DFA hereby represents and warrants that (except as set forth in **Recital K** regarding the prior capacity under Contract No. 1 to the City of Corona and Section 3) DFA is the successor to all of IPT's right, title and interest in Contract Nos. 1 and 2 and that Contract Nos. 1 and 2 are in full force and effect.

J. Western and DFA entered into that certain Agreement Between The Western Municipal Water District Of Riverside County And the Golden Cheese Company Of California For The Purchase Of A 330,000 Gallons Per Day Discharge Right In The Santa Ana Regional Interceptor (SARI) Pipeline, dated August 1, 2001 ("**Contract No. 3**") for the discharge of industrial wastewater into the Brine Line. Based upon payment of all sums required and performance of various obligations contained within Contract No. 3, DFA acquired an additional 0.330 MGD discharge capacity right in the Brine Line.

K. DFA and the City of Corona entered into that certain Agreement Regarding Assignment and Assumption of Inland Empire Brine Line Discharge Capacity Right dated March 20, 2013 whereby the City of Corona purchased 0.05 MGD of capacity under Contract No. 1 leaving a fully valid and assignable balance of 0.55 MGD available under Contract No. 1.

L. DFA and the City wish to enter into this Agreement whereby DFA shall assign to City its rights to the remaining 0.55 MGD under Contract No. 1 (as specified in greater detail below) subject to the terms of this Agreement.

M. DFA's assignment of the remaining 0.55 MG of Contract No. 1 Discharge Right to City as provided herein requires the prior written consent of DFA, City, and Western under Section 20 of Contract No. 1 which shall be by a separate document (tentatively titled "Agreement and Consent Regarding Assignment And Assumption of Inland Empire Brine Line Discharge Capacity Right") ("**Consent**"), in the form attached hereto as **Exhibit "B"**.

N. SAWPA has overall authority to manage the Brine Line and delegates some of its authority to Western and San Bernardino Valley Municipal Water District ("Valley District").

O. While DFA's capacity rights were subject to the jurisdiction of Western, City's geographic location requires that it be subject to the jurisdiction of Valley District.

P. In order that City may effectively connect to the Brine Line, SAWPA must delegate certain of its authority to Valley District and Western must cede such authority, which the City anticipates will occur pursuant to a separate “**Capacity Transfer Agreement**” between SAWPA, Western and Valley as it relates to the remaining 0.55 MGD of Contract No. 1 discharge rights being acquired by the City pursuant to this Agreement. The approval and execution of a Capacity Transfer Agreement by all parties thereto on terms satisfactory to the City is a condition to this Agreement.

Q. City is also required to enter into an Agreement Approving City of Beaumont to Discharge to the Inland Empire Brine Line with Valley District and SAWPA (“**Discharge Agreement**”) between SAWPA, Valley and City whereby Valley District has accepted transfer of 0.55 MGD of Brine Line pipeline capacity rights and treatment and disposal capacity rights from the Western service area as provided therein. The approval and execution of a Discharge Agreement by SAWPA and Valley on terms satisfactory to the City is a condition to this Agreement.

R. For the record, it is noted that City also plans to enter into agreements with, and or be required to satisfy certain conditions imposed by OCSD and/or SAWPA for the treatment and disposal of brine the City intends to discharge into the Brine Line (collectively “OCSD Conditions”), but this Agreement is not conditioned upon the City satisfying the OCSD Conditions in any way.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION AND THE COVENANTS AND AGREEMENTS CONTAINED HEREIN, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

TERMS

1. **Incorporation of Recitals.** The Recitals set forth above are true and correct and are incorporated into this Agreement in their entirety by this reference as a material part hereof.
2. **Effective Date.** The effective date (“Effective Date”) of this Agreement is the date all Parties have executed it as evidenced by the dates below the Parties signature lines to this Agreement.
3. **Rights and Obligations Transferred and Assumed.** At the Closing (as hereinafter defined), DFA shall assign, transfer, and convey to City, and City shall receive, acquire, and assume from DFA the “Discharge Right.” Discharge Right means: all of DFA’s right, title, interest, duties, liabilities and obligations as provided in Contract No. 1, including, without limitation, the following: (a) a discharge right equal to 0.55 mgd, with a BOD loading of 917.40 lbs/day, and a TSS loading of 917.40 lbs/day based on a concentration of 200 parts per million per BOD and TSS; (b) provided that the maximum flow rate permitted to occur from the customer [i.e., DFA or City], through the metering structure established by the customer [i.e., DFA or City], in any one hour shall not exceed 1.5 x 1/24 of the discharge right. “Discharge Right” shall not include the items set forth in **Section 5** “Obligations Not Assumed.” To fulfill its obligations under this Agreement to assign the Discharge Right to City, at the Closing, DFA shall cause to be

delivered to and City shall execute the “Consent, as defined above, in the form attached hereto as **Exhibit “B”**. Notwithstanding any other provision of this Agreement, DFA has advised City that, despite the terms of Contract No. 1, applicable laws and/or regulations over which DFA has no control may restrict the extent to which the Discharge Right may be used and the City may be subject to such restrictions; for example, DFA has been informed that the allowable maximum peak hourly discharge is only 1.0 x 1/24 of the discharge right.

4. Assumption. Effective as of the Closing, as provided in the Assignment, City shall assume from DFA all of DFA's rights and obligations accruing as of the Closing Date as provided in Contract No. 1 for 0.55 MGD, which apply to, relate to, or arise out of, the Discharge Right and shall assume and fully perform the entirety of the applicable obligations and duties of DFA under Contract No. 1 accruing on or after the Closing Date, including, without limitation, the obligation to make payments due to Western, and/or SAWPA and Valley District required by **Sections 11, 12 or 13** of Contract No.1 prorated based upon the capacity assigned to City in this Agreement (“Assessment Charges”).

5. Obligations Not Assumed. Notwithstanding the provisions of **Section 4** above: (a) DFA shall be and remain responsible for all obligations set forth in Section 10(b) of Contract No. 1 and such obligations are not hereby assigned to or assumed by the City; (b) DFA shall also be and remain responsible for the obligations under Section 8 of Contract No. 1 to the extent such obligations pertain to the period of time prior to the Closing and have not been released by Western. City shall have no obligation to remove, repair or maintain any part of the pipe lines connecting to the Brine Line system previously installed by DFA which are not be used by City after the Effective Date.

6. No Obligations of DFA With Respect To The Obligations Assumed by City. Notwithstanding the provisions of Contract No. 1, including but not limited to Section 21 thereof, DFA shall have no liabilities or obligations to any transferee of Western's rights under Contract No. 1 as a result of the Capacity Transfer Agreement (including but not limited to Valley District). It is understood and agreed that Valley District and its successors in interest shall look exclusively to the City, and not DFA, for performance of liabilities and obligations under Contract No. 1.

7. Assessment Charges. The Parties acknowledge that holder of the Discharge Right is liable for Assessment Charges due to Western and/or SAWPA under Contract No. 1, which DFA represents are approximately \$10,353 per month. All Assessment Charges accruing in respect to the Discharge Right shall be the responsibility of DFA up to the Closing subject to City's obligation to assume the Assessment Charges commencing January 1, 2019 at the Closing. At the Closing, City shall be solely responsible for payment of such Assessment Charges for periods on or after January 1, 2019 either directly or by means of reimbursement to DFA. Notwithstanding any other provisions of this Agreement, DFA shall not have any responsibility for any charges or fees payable to Valley District or OCS D after the Closing.

8. Purchase Price. The purchase price for the Discharge Right (“Purchase Price”) is Six Million Six Hundred Thousand Dollars (\$6,600,000), which is calculated based on \$12/gallon times 550,000 gallons per day. The Purchase Price shall be delivered by City to Escrow (as defined below) as follows:

a. Deposit. Within five (5) calendar days of the Effective Date, City shall deliver to Escrow Holder (as defined below) the sum of Six Hundred Sixty Thousand Dollars (\$660,000) (“Deposit”), which shall be held in Escrow pursuant to the terms of this Agreement. The Deposit shall be delivered to the Escrow Holder in good funds by certified bank or cashier’s check or by federal wire transfer. Escrow Holder shall hold the Deposit in accordance with the terms, and conditions of this Agreement. All interest accrued on the Deposit, if any, prior to its release to Seller shall be credited to the Purchase Price upon the Closing. If, for any reason (other than the material, uncured default of DFA or failure to obtain the Capacity Transfer Agreement and Discharge Agreement, as provided herein), the Closing does not occur by the Closing Date (including any extension thereof in accordance with the terms of this Agreement), the Deposit shall be paid to DFA by Escrow as liquidated damages, and the Deposit will be immediately released to DFA without any further instruction from the Parties. For the sake of clarity, if the Capacity Transfer Agreement and Discharge Agreement are not duly approved and executed as provided in this Agreement on or before the Closing Date, City may terminate this Agreement without liability and shall be entitled to a full refund of the Deposit less escrow costs and expenses accrued.

b. Balance. Not later than one business day immediately preceding the Closing Date, City shall deliver to Escrow Holder the balance of the Purchase Price (i.e., Five Million Nine Hundred Forty Thousand Dollars (\$5,940,000) in cash or by wire transfer of immediately available funds pursuant to wiring instructions provided to Escrow Holder prior to the Closing.

9. Capacity Transfer Agreement; Discharge Assignment Agreement. Prior to the Closing Date, City shall use its best efforts to negotiate and enter into a Capacity Transfer Agreement and Discharge Agreement (the “Ancillary Agreements”) on terms acceptable to the City in its sole and reasonable discretion. City shall promptly provide to DFA a copy of the Ancillary Agreements when they have been signed by the parties thereto. City has informed DFA one or more of the parties to the Ancillary Agreements may request or require that one or both Ancillary Agreements will not take effect unless certain conditions have been satisfied by the City, such as the OCS D Conditions, the obtaining by the City of a discharge permit, or the completion by the City of certain infrastructure requirements, and so forth; and that it may take the City a substantial period of time (up to a year or more) to meet such conditions. Nevertheless, the completion of any conditions, or performance of any obligations, under the Ancillary Agreements shall not be a condition to the Closing, or the City’s payment of the Purchase Price; nor shall the Purchase Price be refundable if the City fails to meet any conditions imposed by the Ancillary Agreements or the OCS D Conditions. The City, not DFA, shall bear the sole risk that conditions in the Ancillary Agreements or OCS D Conditions may not be satisfied.

10. Escrow. Subject to the Parties’ prior written approval of the projected escrow fees (which escrow fees will be split 50/50 between DFA and City), an escrow account (“Escrow”) for the purpose of consummating the transactions contemplated by this Agreement shall be established with Banc of California, 3 MacArthur Place, Santa Ana, CA 92707, attn.: Ila Gomez, VP Banking Relationship Manager, Deposits & Treasury Management, NMLS #545693, Phone 949 385-8690, email Ila.Gomez@bancocal.com (the “Escrow Holder”), or such other escrow company as the parties may mutually agree in writing. This Agreement shall serve as escrow instructions to the Escrow Holder and immediately upon execution, an executed copy of this Agreement shall be

deposited with the Escrow Holder. Upon the mutual execution of this Agreement by the Parties, City and DFA shall deposit their respective executed copies of this Agreement with Escrow Holder. For purposes of this Agreement, the “opening” of Escrow shall be the date on which a fully-executed copy of this Agreement is deposited with Escrow Holder. Escrow Holder shall promptly confirm the opening of Escrow in writing to both Parties.

11. Closing.

a. Closing Date. The assignment, transfer and assumption of rights described in this Agreement shall not be earlier than the date when this Agreement will be presented to the City Council of City for approval and not later than March 29th, 2019 (“Closing Deadline”). The Closing Deadline may be extended by a writing executed by the Parties upon the reasonable written request of City if necessary to obtain any of the Ancillary Agreements, up to date a not exceeding April 30, 2019. Thereafter, if the Ancillary Agreements have not been obtained, the Parties may further extend this Agreement by a reasonable period of time or terminate this Agreement, as determined by each Party in its sole and absolute discretion.

b. Conditions to Closing. The obligations of the Parties to effect the transactions contemplated by this Agreement shall be subject to the fulfillment on or before the Closing Date of the following conditions:

- i.** The Consent has been approved and executed by Western and DFA.
- ii.** The Capacity Transfer Agreement and Discharge Assignment Agreement (as such terms are defined in the Recitals) have been approved and executed by all relevant parties.
- iii.** The representations and warranties of each of the Parties set forth in this Agreement shall be true as of the date of this Agreement and as of the Closing Date as if made on the Closing Date;
- iv.** Each of the closing documents required by Subsections (c) and (d) hereof shall have been duly executed and delivered.
- v.** DFA shall have paid in full any and all fees, payments, costs and expenses due to Western or SAWPA associated with the Discharge Right, subject to the obligation of City to directly pay or reimburse DFA for the Assessment Charges accruing after December 31, 2018 as provided in **Section 7** at the Closing.

c. Deliveries by DFA Due At or Prior to Closing. No later than two business days prior to the Closing, DFA shall deliver to the Escrow Holder on behalf of City:

- i.** The Consent, duly executed by DFA and Western, substantially in the form attached hereto as **Exhibit “B”**;

- ii. All other instruments as may be reasonably necessary to effect the assignment of the Discharge Right to City.
- d. **Deliveries by City.** No later than one business day prior to the Closing, City shall deliver to the Escrow Holder on behalf of DFA:
- i. The Purchase Price as specified in **Section 8**.
 - ii. The Consent duly executed by the City.
 - iii. Any amount necessary to reimburse DFA for Assessment Charges accruing after December 31, 2018 as provided in Section 7.
 - iv. Certification that the Ancillary Agreements have been signed by the parties thereto.
 - v. All other instruments as may be reasonably necessary to effect the assignment of the Discharge Right to City.
- e. **Deliveries by Escrow Agent at Closing.** At the Closing, the Escrow Agent shall deliver:
- i. To DFA, the Purchase Price, plus any reimbursement of prepaid escrow fees for periods after the Closing Date.
 - ii. To City: The original Consent.
 - iii. To the Parties; such other items, if any, as are called for by the terms of this Agreement.

12. **Right of First Refusal for “Remaining Discharge Rights.”** DFA is currently in negotiation for the sale of more than 300,000 gallons per day (0.255 mgd) of the 400,000 gallons per day (0.400 mgd) discharge rights remaining under Contract Nos. 2 and 3. City has declined to purchase such discharge rights at the time of entering into this Agreement. With respect to the remaining gallons per day discharge rights under Contract Nos. 2 and 3 after the current negotiation is completed (“Remaining Discharge Rights”), DFA grants a limited right of first refusal, as follows: DFA agrees not to assign or transfer any interest in the Remaining Discharge Rights, unless it has complied with this **Section 12**. In the event that DFA receives a signed, written offer for the assignment or transfer of part or all of the Remaining Discharge Rights which DFA has tentatively decided to accept, or DFA enters into a nonbinding letter of intent with respect to the same, DFA shall promptly give written notice (the “Transfer Notice”) to City. The Transfer Notice from DFA shall generally describe the proposed assignee (but need not disclose the name) and specify in reasonable detail, the terms and conditions of the proposed transaction, including the closing date, price and payment terms for the proposed transaction; the City shall be required to keep all such information confidential if requested or required by the proposed buyer. Following receipt of the Transfer Notice, City shall have a period of thirty (30) days (the “Acceptance

Period”) in which to notify DFA (the “Acceptance Notice”) of City’s exercise of its right of first refusal. Following the exercise of City’s right of first refusal pursuant to this paragraph, within thirty (30) days the Parties shall enter into an agreement in the form of this Agreement on the terms stated in the Transfer Notice, provided that terms of such agreement shall be no less favorable to DFA than, those specified in the Transfer Notice including but not limited to price, payment, and closing date. In the event City fails to provide the Acceptance Notice in response to the Transfer Notice prior to the expiration of the Acceptance Period, or fails to enter into and perform the required agreement with DFA within the time period specified herein and in the Transfer Notice, the City’s right of first refusal shall automatically expire and DFA shall be free to complete the sale to the proposed transferee on the terms and conditions as are described in the Transfer Notice. These deadlines are not subject to extension.

13. Representations and Warranties by DFA. DFA hereby represents, covenants and warrants to City, and individually acknowledges that City executed this Agreement in material reliance on , each of the following representations, covenants and warranties:

- a. That it has not made any prior voluntary, involuntary, conditional or unconditional assignment, conveyance or encumbrance of all or any part of its rights or obligations under Contract No. 1 except as specifically provided in the Recitals to this Agreement;
- b. That this Agreement and the representations and warranties made herein are valid and binding obligations of DFA and enforceable against DFA in accordance with its terms. The individuals executing this Agreement represent and warrant that they have the requisite right, power, legal capacity and authority to execute and deliver this Agreement on behalf of DFA and that DFA’s governing body has taken all actions needed to approve this Agreement as evidenced by a resolution of its Board of Directors, a copy of which, redacted and certified by an assistant secretary of DFA, has previously been provided by DFA to the City;
- c. That the entering into and performance of this Agreement will not constitute a violation of any court order or decree or result in the default under any other contract by which it is bound.
- d. The copy of Contract No. 1 attached hereto as **Exhibit “A”** is the entire agreement regarding the terms thereof and there have been no amendments or modifications thereto, except as set forth in this Agreement. Except as set forth in this Agreement, Contract No. 1 is in full force and effect and there exist no breaches, defaults, defenses setoff rights or counterclaims with respect thereto.
- e. All Assessment Charges due under Contract No. 1 with respect to the period prior to December 31, 2018 shall be paid by DFA at or prior to the Closing as provided in Section 7.

14. Representations and Warranties By City. City hereby represents, covenants and warrants to DFA, and individually acknowledges that DFA executed this Agreement in material reliance thereon, each of the following representations, covenants and warranties:

- a. That City is able to fully perform all duties, obligations and liabilities assumed under Contract No. 1.
- b. That this Agreement and the representations and warranties made herein are valid and binding obligations of the City and enforceable against the City in accordance with its terms. The individuals executing this Agreement represent and warrant that they have the requisite right, power, legal capacity and authority to execute and deliver this Agreement on behalf of the City and that the City's City Council has taken all actions needed to approve this Agreement as evidenced by Resolution No. _____ - 2019 a copy of which has been provided to DFA;
- c. That the entering into and performance of this Agreement will not constitute a violation of any court order or decree or result in the default under any other contract by which it is bound.

15. Indemnification by DFA. DFA shall hold harmless and defend City from, against, for and in respect of, and shall pay all damages, losses, obligations, liabilities, claims, encumbrances, deficiencies, costs and expenses, including, without limitation, reasonable attorneys' fees and other costs and expenses incident to, any action, investigation, claim or proceeding suffered (the "Losses"), sustained, incurred or required to be paid by City by reason of any breach or failure of observance or performance of any representation, warranty, covenant, agreement or commitment made by DFA hereunder or relating hereto or as a result of any such representation, warranty, covenant, agreement or commitment being untrue or incorrect in any respect. DFA further agrees to indemnify and hold harmless City from and against any Losses incurred by City arising out of, resulting from, or relating to any failure of DFA to discharge any of the liabilities accruing under Contract No. 1 caused by DFA prior to the Closing Date. The indemnification obligations set forth in this Section shall survive the Closing Date.

16. Indemnification by City. City shall hold harmless and defend DFA from, against, for and in respect of, and shall pay all damages, losses, obligations, liabilities, claims, encumbrances, deficiencies, costs and expenses, including, without limitation, reasonable attorneys' fees and other costs and expenses incident to, any action, investigation, claim or proceeding suffered (the "Losses"), sustained, incurred or required to be paid by DFA by reason of any breach or failure of observance or performance of any representation, warranty, covenant, agreement or commitment made by City hereunder or relating hereto or as a result of any such representation, warranty, covenant, agreement or commitment being untrue or incorrect in any respect. City further agrees to indemnify and hold harmless DFA from and against any Losses incurred by DFA arising out of, resulting from, or relating to any failure of City to discharge any of the liabilities accruing under Contract No. 1 caused by City from and after the Closing Date. The indemnification obligations set forth in this Section shall survive the Closing Effective Date.

17. Limitations on Damages. Neither Party shall be liable to the other for any lost profits, consequential damages, punitive, or exemplary damages. Notwithstanding any other provisions of this Agreement, DFA's and City's maximum liability under this Agreement for any breach, default, or indemnification of Losses, regardless of the theory of liability or claim for relief, shall not exceed an amount equal to: (a) for DFA, the Purchase Price received by DFA; and (b) for City, the Purchase Price.

18. Notices, Demands and Communications between the Parties. All notices or other communications required or permitted between the parties hereunder shall be in writing, and shall be (i) personally delivered, (ii) sent by United States registered or certified mail, postage prepaid, return receipt requested, or (iii) sent by nationally recognized overnight courier service (e.g., Federal Express or United Parcel Service), addressed to the party to whom the notice is given at the addresses provided below, subject to the right of any Party to designate a different address for itself by notice similarly given. Any notice so given by registered or certified United States mail shall be deemed to have been given on the third business day after the same is deposited in the United States mail. Any notice not so given by registered or certified mail, such as notices delivered by personal delivery, or courier service, shall be deemed given upon receipt, rejection or refusal of the same by the party to whom the notice is given. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to constitute receipt of the notice or other communication sent.

To: City of Beaumont
City Manager
550 E. 6th Street
Beaumont, California 92223

With a copy to:
John Pinkney, City Attorney
SBEMP
1800 East Tahquitz Canyon Way
Palm Springs, CA 92264

To: Dairy Farmers of America, Inc.
10220 N. Ambassador Drive
Kansas City, MO. 64153
Attn: Blake Kramer

Email: bkramer@dfamilk.com

With a copy to:

Dairy Farmers of America, Inc.
10220 N. Ambassador Drive
Kansas City, MO. 64153
Attn: Gregory Pratt, Assistant Vice President, Legal

Email: gpratt@dfamilk.com

19. Additional Provisions.

a. Complete Agreement; Modification. This Agreement and the Exhibits hereto constitutes the complete agreement among the Parties regarding the subject matter hereof. It supersedes all prior written and oral statements, including any prior Memorandum of Understanding, representation, statement, condition, or warranty. This Agreement may not be modified other than by a writing signed by all Parties hereto.

b. Applicable Law. All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the laws of the State of California and any such action shall be brought in a court of competent jurisdiction in the County of Riverside.

c. Section Titles. The headings herein are inserted as a matter of convenience only and do not define or limit the scope of this Agreement or the intent of the provisions hereof.

d. Binding Provisions. This Agreement is binding upon and shall inure to the benefit of the Parties and their respective legal representatives, successors, and permitted assigns, as applicable.

e. Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement or if any dispute arises between the Parties concerning the meaning or interpretation of any provision of this Agreement, then the defaulting Party or the Party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other Party on account of such default and/or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

f. Terms; Construction. Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the identity of the person may in the context require. Unless otherwise indicated, the terms "including," "includes," or "include" shall be deemed to be followed by the words "without limitation." Each Party, and legal counsel for each Party, has reviewed and revised this Agreement and has had equal opportunity for input into it. No Party nor the legal counsel for any Party shall be construed to be the drafter or primary drafter of this Agreement. If there is any dispute regarding the construction of this Agreement or any of its provisions, any ambiguities or questions of interpretation shall not be construed more in favor of one Party than the other; rather, questions of interpretation shall be construed equally as to each Party.

g. Time of Essence. Time is of essence with respect to all deadlines contemplated by this Agreement.

h. Severability of Provisions. Each provision of this Agreement shall be considered severable, and if, for any reason, any provision or provisions herein are determined to be invalid

and contrary to any existing or future law, such invalidity shall not impair the operation or effect of those portions of this Agreement which are valid.

i. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same Agreement and may be delivered by facsimile or other electronic transmission. The signature of any Party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

j. No Third Party Beneficiaries. This Agreement is made solely for the benefit of the Parties and their respective successors and permitted assigns. Nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement to any individual or entity other than the Parties hereto and their respective successors and permitted assigns. Nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third person to any Party to this Agreement.

k. Non-Waiver. The failure of a Party to insist upon performance of any of the terms, conditions, or covenants of this Agreement or to exercise any right or privilege contained in this Agreement, shall not be, nor be construed to be, a waiver of such provision, and the waiver by a Party of any breach of any term, condition, or covenant of this Agreement shall not be construed as a subsequent waiver of any such term, condition, or covenant, and the same shall continue in full force and effect.

l. Binding Effect and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns; but neither this Agreement nor any of the rights, benefits or obligations hereunder shall be assigned, by operation of law or otherwise, by any party hereto without the prior written consent of the other party, not to be unreasonably withheld. Nothing in this Agreement, express or implied, is intended to confer upon any Person or entity other than the parties hereto and their respective permitted successors and assigns, any rights, benefits or obligations hereunder.

m. Costs and Expenses. Each of the Parties to this Agreement shall bear its own expenses incurred in connection with the negotiation, preparation, execution and closing of this Agreement and the transactions contemplated hereby.

n. Incorporation of Exhibits and Schedules. The Exhibits referenced herein and attached hereto are incorporated herein by this specific reference and shall be deemed to be a part of this Agreement as if set forth herein in full. References herein to this "Agreement" and the words "herein," "hereof," and words of similar import refer to this Agreement (including its Schedules and Exhibits as an entirety). In the event of any conflict between the provisions of this Agreement and any such Schedule or Exhibit, the provisions of this Agreement shall control.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date written above.

[signatures on following page]

DFA:
DAIRY FARMERS OF AMERICA

By: _____
Print Name: _____
Title: _____
Date: _____

CITY:
ATTEST:
DEPUTY CITY CLERK
CITY OF BEAUMONT

**CITY OF BEAUMONT, a California municipal
corporation**

By: _____
Nicole Wheelwright

By: _____

APPROVED AS TO FORM:

Title: _____

By: _____
John O. Pinkney
City Attorney

Date: _____

EXHIBIT "A"
ATTACH CONTRACT NO. 1

EXHIBIT "B"

**NOTE: SEE SEPARATE FORM PREPARED BY WESTERN,
AGREEMENT REGARDING ASSIGNMENT AND ASSUMPTION OF INLAND
EMPIRE BRINE LINE DISCHARGE CAPACITY RIGHT**

Attachment B

Agreement and Consent regarding Assignment and Assumption of Inland Empire Brine Line Discharge Capacity Right

**AGREEMENT AND CONSENT REGARDING ASSIGNMENT AND ASSUMPTION
OF INLAND EMPIRE BRINE LINE DISCHARGE CAPACITY RIGHT**

THIS AGREEMENT AND CONSENT REGARDING ASSIGNMENT AND ASSUMPTION OF INLAND EMPIRE BRINE LINE DISCHARGE CAPACITY RIGHT ("Assignment Agreement") is dated for reference as of this ____ day of _____, 2019, between Dairy Farmers Of America, Inc., a Kansas cooperative marketing association ("DFA"); City of Beaumont, a municipal corporation ("City"); and Western Municipal Water District of Riverside County, a municipal water district ("Western") to be effective on the "Effective Date" (as defined below).

RECITALS

A. Western was the owner of an industrial capacity right in the Santa Ana Regional Interceptor ("SARI"), which provides for the delivery, treatment and disposal of industrial wastewater which was transferred to DFA as provided below in Recitals B-E. The SARI is now commonly referred to as the Inland Empire Brine Line ("Brine Line System").

B. Subject to the issuance of a Wastewater Discharge Permit by the Santa Ana Watershed Project Authority ("SAWPA"), Western has the authority to allocate the use of such industrial capacity rights among qualified dischargers within its general district boundaries.

C. Western and Integrated Protein Technology ("IPT") entered into that certain IPT-Western Industrial Capacity Contract No. 1, dated June 19, 1985 ("Contract No. 1") for the discharge of industrial wastewater into the Brine Line System. Based upon payment of all sums required and performance of various obligations contained within Contract No. 1, IPT acquired a 0.6 MGD discharge capacity right in the Brine Line System. A copy of Contract No. 1 is attached hereto as Exhibit "A" and incorporated herein by reference and made a part of this Assignment Agreement.

D. Western and IPT entered into that certain IPT-WMWD Industrial Capacity Contract No. 2, dated January 6, 1988 ("Contract No. 2") for the discharge of industrial wastewater into the Brine Line System, as well as payment for an interim use of a discharge right for the discharge of waste that took place prior to the date of Contract No. 2. Based upon payment of all sums required and performance of various obligations contained within Contract No. 2, IPT acquired a 0.070 MGD discharge capacity right in the Brine Line System which is in addition to its discharge right of 0.6 MGD discharge capacity right allocated under Contract No. 1. Said additional right increased IPT's total discharge right to 0.670 MGD. DFA hereby represents and warrants that DFA is the successor and assign to all ownership interest in IPT including all right, title and interest in Contract Nos. 1 and 2 (except that 0.05 MGD discharge right under Contract No. 1 was transferred by DFA to the City of Corona in 2011, leaving a current assignable balance of 0.55 MGD of capacity under Contract No. 1). DFA warrants that Contract Nos. 1 and 2 are in full force and effect, except as stated herein or in the DFA-Beaumont Assignment Agreement (as hereinafter defined)..

E. Western and DFA entered into that certain Agreement Between The Western Municipal Water District Of Riverside County And The Golden Cheese Company Of California For The Purchase

Of A 330,000 Gallons Per day Discharge Right In The Santa Ana Regional Interceptor (SARI) Pipeline, dated August 1, 2001 ("Contract No. 3") for the discharge of industrial wastewater into the Brine Line System. Based upon payment of all sums required and performance of various obligations contained within Contract No. 3, DFA acquired an additional 0.330 MGD discharge capacity right in the Brine Line System.

F. DFA and the City entered into an Assignment For Brine Line Capacity dated February 19, 2019 ("DFA-Beaumont Assignment Agreement") between DFA and City, for the assignment and transfer of 0.55 MGD discharge capacity right in the Brine Line System. City has requested of Western a finalization of said assignment and transfer of the 0.55 MGD discharge capacity right and also requested that in order to simplify the transaction that the assignment and transfer be subject to the capacity and treatment capacity strengths which are currently available under Contract No. 1. As a result, DFA desires to assign and transfer to City, and City desires to assume and accept the transfer of, the rights and obligations in Contract No. 1 which apply to the discharge capacity right of 0.55 MGD in the Brine Line System pursuant to this Assignment Agreement ("Discharge Right"). DFA and City both represent and warrant that they have satisfied or shall timely satisfy all of their respective obligations for the occurrence of the "Closing" as stated in the DFA-Beaumont Assignment Agreement with the only remaining action necessary to complete said performance being the finalization of the assignment and transfer pursuant to this Assignment Agreement. As a result of the assignment and transfer of the Discharge Right, as set forth herein, it is hereby acknowledged that DFA's discharge capacity right in the Brine Line System, under Contract No. 1, shall be 0 MGD.

G. Pursuant to Paragraph 20 of Contract No. 1, Contract No. 1 shall not be assigned by either party without the prior written consent of the other party. Western is willing to consent to the assignment of the rights and obligations in Contract No. 1 which apply to the Discharge Right pursuant to the provisions of this Assignment Agreement.

AGREEMENT

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION AND THE COVENANTS AND AGREEMENTS CONTAINED HEREIN, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

1. Incorporation of Recitals. The Recitals set forth above are true and correct and are incorporated into this Assignment Agreement in their entirety by this reference as a material part hereof.

2. Effective Date. This Assignment Agreement shall be effective as of the date ("Effective Date") which shall be: (a) upon full execution of this Assignment Agreement by all parties; (b) payment to Western and/or SAWPA, as applicable, of any and all costs and expenses which may be due and owing to Western and/or SAWPA; and (c) the occurrence of the "Closing" as defined in the DFA-Beaumont Assignment Agreement; provided that if the Closing does not occur, this Assignment Agreement shall be null and void. The payment of any such costs and expenses to Western and/or SAWPA shall be the responsibility of DFA and/or City and it shall not be the

responsibility of Western or SAWPA to enforce said payment obligations from one or the other parties to this Assignment Agreement.

3. Assignment. As of the Effective Date, DFA hereby assigns and transfers all of its right, title, interest, duties, liabilities and obligations as provided in Contract No. 1 for 0.55 MGD, which apply to the Discharge Right including, without limitation, the following: (a) the maximum flow rate permitted to occur from the customer (i.e. DFA or City), through the metering structure established by the customer (i.e., DFA or City), in any one hour shall not exceed $1.5 \times 1/24$ of the Discharge Right; and (b) a Discharge Right equal to 0.55 MGD, with a BOD loading of 917.40 lbs./day, and a TSS loading of 917.40 lbs./day based on a concentration of 200 parts per million per BOD and TSS. Notwithstanding any other provision of this Agreement, DFA has advised City that, despite the terms of Contract No. 1, applicable laws and/or regulations over which DFA has no control may restrict the extent to which the Discharge Right may be used and the City may be subject to such restrictions; for example, DFA has been informed that under SAWPA and Western rules and regulations the allowable maximum peak hourly discharge is only $1.0 \times 1/24$ of the discharge right.

4. Assumption. As of the Effective Date, City hereby assumes from DFA all of DFA's rights and obligations as provided in Contract No. 1 for 0.55 MGD, which apply to the Discharge Right and agrees to assume and fully perform the entirety of the applicable obligations and duties of DFA under Contract No. 1 commencing upon the Effective Date, including, without limitation, the obligation to make any payments to Western required by Sections 11, 12 or 13 of Contract No. 1 prorated based upon the capacity assigned to City in this Assignment Agreement. Notwithstanding the foregoing, DFA shall be responsible for all obligations set forth in Section 10(b) of Contract No. 1 and such obligations are not hereby assigned to or assumed by the City. In addition, City shall not have an obligation to remove, repair, or maintain any part of the pipelines connecting to the Brine Line System previously installed by DFA which are not used by City after the Effective Date. City hereby represents and warrants to Western that it is able to fully perform any and all duties, obligations and liabilities assumed under Contract No. 1 and as contained in this Assignment Agreement.

5. Consent. As of the Effective Date, Western consents to the assignment and assumption set forth herein subject to the following. As a condition precedent to Western consenting to the assignment and all rights, title and interest associated therewith, any and all outstanding fees, payments, costs and expenses will be paid in full by DFA on or before the Effective Date.

6. Release. From and after the Effective Date of this Assignment Agreement, and except as otherwise provided herein, Western agrees that DFA is released from any and all obligations under Contract No. 1 which apply to the Discharge Right and shall have no further duties, liabilities or obligations thereunder, and Western (including Western's successors in interest, if any) shall look solely to City for the performance of all such duties, liabilities and obligations thereunder that apply to the Discharge Right which arise after the Effective Date. Notwithstanding the foregoing, this assignment and assumption shall not relieve DFA of any obligation or liability caused by a breach of the applicable provisions of Contract No. 1 prior to the Effective Date or any obligation or liability under Contract No. 1 that does not apply to the Discharge Right.

7. Use of Discharge Capacity. Prior to having use of the Discharge Right, City shall obtain any required discharge permit from SAWPA and shall comply with any and all other requirements as may be imposed by SAWPA. If applicable, City shall complete a "Wastewater Survey and Industrial User Pretreatment Questionnaire" describing the type and quantity of wastewater proposed for discharge, which will be forwarded to SAWPA for consideration. The proposed industrial waste must meet all criteria to be eligible for discharge to the Brine Line System, including, but not limited to, concentration, constituent composition and nature of generation, and payment of applicable fees. The point of discharge for the use of the discharge capacity right shall be the connection to the Brine Line System at the City located at the magnetic flow meter at City's Wastewater Treatment Plant.

8. Relationship to the Assignment Agreement. Commencing as of the Effective Date, City agrees to and assumes all applicable terms, conditions, requirements and obligations contained within Contract No. 1 which apply to the Discharge Right, as well as the terms, conditions, requirements and obligations contained within this Assignment Agreement.

9. Representations and Warranties by DFA and City. DFA and City each hereby individually represents, covenants and warrants to Western, and individually acknowledges that Western executed this Assignment Agreement in material reliance thereon, each of the following representations, covenants and warranties:

(a) That it has not made any prior conditional or unconditional assignment or conveyance of all or any part of its rights or obligations under Contract No. 1;

(b) That this Assignment Agreement is a valid and binding obligation of it and enforceable against it in accordance with its terms. The individuals executing this Assignment Agreement represent and warrant that they have the requisite right, power, legal capacity and authority to execute and deliver this Assignment Agreement on behalf of their respective parties;

(c) That the entering into and performance of this Assignment Agreement will not constitute a violation of any court order or decree or result in the default under any other contract by which it is bound; and

(d) That it has the financial resources immediately available to perform the entirety of its obligations under this Assignment Agreement.

10. Notices, Demands and Communications between the Parties. All notices or other communications required or permitted between the parties hereunder shall be in writing, and shall be (i) personally delivered, (ii) sent by United States registered or certified mail, postage prepaid, return receipt requested, or (iii) sent by nationally recognized overnight courier service (e.g., Federal Express or United Parcel Service), addressed to the party to whom the notice is given at the addresses provided below, subject to the right of any Party to designate a different address for itself by notice similarly given. Any notice so given by registered or certified United States mail shall be deemed to have been given on the third business day after the same is deposited in the United States mail. Any notice not so given by registered or certified mail, such as notices delivered by personal delivery, or courier service, shall be deemed given upon receipt, rejection or

refusal of the same by the party to whom the notice is given. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to constitute receipt of the notice or other communication sent.

To: Western Municipal Water District
14205 Meridian Parkway
Riverside, CA 92518
Attn: General Manager

To: City of Beaumont
City Manager
550 E. 6th Street
Beaumont, California 92223

With a copy to:
John Pinkney, City Attorney
SBEMP
1800 East Tahquitz Canyon Way
Palm Springs, CA 92264

To: Dairy Farmers of America, Inc.
10220 N. Ambassador Drive
Kansas City, MO. 64153
Attn: Blake Kramer
Email: bkramer@dfamilk.com

With a copy to:
Dairy Farmers of America, Inc.
10220 N. Ambassador Drive
Kansas City, MO. 64153
Attn: Gregory Pratt, Assistant Vice President, Legal
Email: gpratt@dfamilk.com

11. Counterparts. This Assignment Agreement may be executed in one or more counterparts, each of which so executed and delivered shall be deemed to be original and all of which, together, shall constitute one and the same instrument.

12. Severability. If any term or provision or portion of any term or provision of this Assignment Agreement shall be held invalid or unenforceable, the remainder of this Assignment Agreement shall not be affected.

13. Entire Agreement. Except as otherwise expressly provided herein, this Assignment Agreement contains the entire agreement of the parties concerning the subject matter contained in this Assignment Agreement, and supersedes any prior written or oral agreements between them

concerning the subject matter of this Assignment Agreement. Except as otherwise expressly provided herein, there are no representations, agreements, arrangements, or understandings, oral or written, between the parties concerning the subject matter of this Assignment Agreement that are not fully expressed in this Assignment Agreement.

14. Amendment. This Assignment Agreement may not be amended or altered except by a written instrument executed by all of the parties.

15. Legal Costs. In the event of the bringing of any action or proceeding to enforce or construe any of the provisions of this Assignment Agreement, the prevailing party in such action or proceedings, whether by final judgment or out of court settlement, shall be entitled to have and recover of and from the other party all costs and expenses of suit, including reasonable attorney fees.

16. Governing Law. This Assignment Agreement shall be governed and construed in accordance with California law. Venue shall be in Riverside County.

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement on the date written above.

CITY:

City of Beaumont

By: _____

Title: _____

WESTERN:

Western Municipal Water District of
Riverside County

By: _____

Title: _____

DFA:

Dairy Farmers Of America

By: _____

Title: _____

Staff Report

TO: Mayor and Council Members

FROM: Kevin Norville, Public Works Manager

DATE: February 19, 2019

SUBJECT: Approve Purchase Order to Valew Quality Truck Bodies for the Purchase of a 2019 Freightliner M2 Dump Truck in the Not-to-Exceed amount of \$87,556.75

Background and Analysis:

The FY18-19 budget includes the purchase of a dump truck which is to be utilized for a variety of public works projects and functions. Typical uses for the dump truck are side walk removal and repair, asphalt removal and repair, fallen tree disposal, sink hole repairs, sewer line repairs and hauling materials. The waste water treatment plant facilities will also be able to utilize the dump truck for when sewer mains need repair. The dump truck will be able to haul off all materials and then transport new backfill material to site.

Purchasing ordinance 3.01.050 section C requires purchasing materials, supplies, and equipment to follow purchasing ordinance 3.01.090 for non-public works projects. Purchasing ordinance 3.01.090 section B requires the City to obtain three (3) informal bids from contractors for the purchase of equipment. Also, purchasing ordinance 3.01.050 section H requires the City to purchase goods from the lowest bidder.

The Public Works department has request three (3) quotes for a dump truck. One quote from Valew Quality Truck Bodies in the amount of 87,556.75 including tax and licensing fees, a second quote from Custom Truck One Sources in the amount of \$85,500 excluding tax and licensing fees and a third and final quote from Westrux International in the amount of \$92,889.

Staff recommends City Council approve the Valew Quality Truck Bodies quote in the amount of \$87,556.92 to purchase the 2019 Freightliner M2 Dump Truck.

Fiscal impact:


The total cost for purchasing the 2019 Freightliner M2 Dump Truck amounts to \$87,556.75 and will be split between the street maintenance and sewer departments 75%/25% respectively.

Department	Amount
Street Maintenance Department Account # 100-3250-8060-0000	\$ 65,667.56
Sewer Department Account # 700-4050-8060-0000	\$ 21,889.19

Finance Director Review: 

Recommendation:

1. Approve purchase order to Valew Quality Truck Bodies for the purchase of a 2019 Freightliner M2 Dump Truck in the not to exceed amount of \$87,556.75.

City Manager Review: 

Attachments:

- A. Valew Quality Truck Bodies quote for 2019 Freightliner M2 Dump Truck
- B. Custom Truck One Source quote for 2019 Freightliner M2 Dump Truck
- C. Westrux International quote for 2020 International MV607 SBA Dump Truck

Attachment A

Valew Quality Truck Bodies quote for 2019 Freightliner M2 Dump Truck

Valew Quality Truck Bodies

New 2019 Freightliner M2 with Valew 7 Yard Dump-12'

Freightliner Specifications:

ISB Cummins w/ 200 Hp

Automatic Transmission

33,000 GVW

Air Brakes

Aluminum 50-gallon fuel tank, small D.E.F. tank

A/C, P/S, AM/FM Radio

Driver and Passenger non-suspension bucket seats

White in color

Note: Need to lengthen wheelbase (price included)

Valew Dump Truck Specifications:

Specifically designed for extreme use. All steel gauges have been increased for greater durability.

7/9 yard- 12'

Hydraulic Telescopic Hoist

Hydraulic Pump

Hot Shift P.T.O.

Safety Locking Controls

Double Walled Construction

Hardox 450 Steel Floor

Steel Cab Guard

Air Latching Tail Gate

Spreader Apron

Center Ditch Gate

Ph 45 Hitch assy. w/ air and 7-way electric to rear

Spring Loaded Tarp System

Primer and Painted Black

PRICE \$ 79,900.00 Plus all applicable taxes (Quotation Only)

Quote # CB-13119

Valew Quality Truck Bodies

PO Box 310
Adelanto, CA 92301

Estimate

Date	Estimate #
1/31/2019	5941

Name / Address
MISC. C.O.D. The Ship to customer is Responsible for All Charges

Ship To
City of Beaumont 550 E 6th St Beaumont CA 92223

P.O. No.	Terms	Rep	Account #	FOB	Ship Via
	C.O.D.	CN	100	Valew	customer

Item	Description	Qty	Rate	Total
FRHTLNR	2019 FREIGHTLINER M2 VIN:	1	79,900.00	79,900.00T
VA 2-00-048	9' TANK SYSTEM	1	0.00	0.00T
Doc. Fees	Document Processing Charge	1	85.00	85.00
Lic. Fees	LICENSING FEES	1	1,369.00	1,369.00
CTS	CALIFORNIA TIRE SURCHARGE	1	10.50	10.50

Subtotal \$81,364.50

Sales Tax (7.75%) \$6,192.25

Total \$87,556.75

NOTE: Federal Exise Tax is required on vehicles over 33,000 GVWR
12% of Invoice Total

Buyer agrees to Terms and Conditions set forth by Seller including "General Terms and
Conditions of Sale". Buyer also acknowledges receipt of the documentation attached to this
invoice labelled " Addendum A", "Addendum B" and "Addendum C".

Signature _____

Attachment B

Custom Truck One Source quote for 2019 Freightliner M2 Dump Truck



Custom Truck One Source

Fontana, CA

Phone: (402) 578-4452

<https://www.customtruck.com/locations>

Load King Dump Body 2019 Freightliner M2106

\$ 85,500

Stock NT17554 VIN 3ALACWFD6KDKC9138

Detailed Specification

Engine Make	Cummins	Engine HP	220
Engine Model	ISB	Transmission	Automatic
Axle Config	4x2	Meter Reading	6.0
FA Capacity	8000	Characteristic Type	Dump Truck 10' <
RA Capacity	19000	Dump Body Length	10'
Rear End Ratio	6.14		
Cab Type	Regular Cab		
Attached Body	Dump Body		
Wheelbase	154		
Tarp	Electric		

DISCLAIMER: Price quoted is Ex Works and does not include any freight or delivery charges. Specifications are believed to be correct but may contain errors and/or omissions. Pictures are representative and may not be identical. Description and Images © Custom Truck One Source

Attachment C

Westrux International quote for 2020 International MV607 SBA



MV607 SBA

Sales Proposal For:
Westrux Stock

Presented By:
WESTRUX INT'L., INC.

Prepared For:
Westrux Stock
Martin Gutierrez
550 E 6th St.
Beaumont, CA 92223-2253
(951)269 - 8520
Reference ID: N/A

Presented By:
WESTRUX INT'L., INC.
John Biltz
15555 Valley View Ave.
Santa Fe Springs CA 90670 -
(562)404-1020

Thank you for the opportunity to provide you with the following quotation on a new International truck. I am sure the following detailed specification will meet your operational requirements, and I look forward to serving your business needs.

Model Profile
2020 MV607 SBA (MV607)

AXLE CONFIG:	4X2
APPLICATION:	Construction Dump
MISSION:	Requested GVWR: 33000. Calc. GVWR: 0 Calc. Start / Grade Ability: 17.79% / 1.31% @ 55 MPH Calc. Geared Speed: 76.0 MPH
DIMENSION:	Wheelbase: 254.00, CA: 186.90, Axle to Frame: 104.00
ENGINE, DIESEL:	{Cummins B6.7 200} EPA 2017, 200HP @ 2400 RPM, 520 lb-ft Torque @ 1600 RPM, 2600 RPM Governed Speed, 200 Peak HP (Max)
TRANSMISSION, AUTOMATIC:	{Allison 2500 RDS} 5th Generation Controls, Wide Ratio, 5-Speed with Overdrive, with PTO Provision, Less Retarder, with 33,000-lb GVW and GCW Max, On/Off Highway
CLUTCH:	Omit Item (Clutch & Control)
AXLE, FRONT NON-DRIVING:	{Navistar Select} I-Beam Type, 10,000-lb Capacity
AXLE, REAR, SINGLE:	{Navistar Select} Single Reduction, Hypoid Gearing, 19,000-lb Capacity, 190 Wheel Ends Gear Ratio: 5.57
CAB:	Conventional
TIRE, FRONT:	(2) 11R22.5 Load Range G AH37 (HANKOOK), 501 rev/mile, 75 MPH, All-Position
TIRE, REAR:	(4) 11R22.5 Load Range G DH37 (HANKOOK), 498 rev/mile, 75 MPH, Drive
SUSPENSION, REAR, SINGLE:	15,500-lb Capacity, Vari-Rate Springs, with 4500-lb Capacity Auxiliary Rubber Springs
PAINT:	Cab schematic 100WP Location 1: 9219, Winter White (Std) Chassis schematic N/A

<u>Code</u>	<u>Description</u>
MV60700	Base Chassis, Model MV607 SBA with 254.00 Wheelbase, 186.90 CA, and 104.00 Axle to Frame.
1ANA	AXLE CONFIGURATION {Navistar} 4x2 <u>Notes</u> : Pricing may change if axle configuration is changed.
1CAC	FRAME RAILS High Strength Low Alloy Steel (50,000 PSI Yield); 10.125" x 3.062" x 0.312" (257.2mm x 77.8mm x 8.0mm); 480.1" (12195mm) Maximum OAL
1LLD	BUMPER, FRONT Contoured, Steel
1SAL	CROSSMEMBER, REAR, AF (1)
1WEJ	WHEELBASE RANGE 199" (505cm) Through and Including 254" (645cm)
2AUT	AXLE, FRONT NON-DRIVING {Navistar Select} I-Beam Type, 10,000-lb Capacity
3ADB	SUSPENSION, FRONT, SPRING Parabolic Taper Leaf, Shackle Type, 10,000-lb Capacity, with Shock Absorbers <u>Includes</u> : SPRING PINS Rubber Bushings, Maintenance-Free
4091	BRAKE SYSTEM, AIR Dual System for Straight Truck Applications <u>Includes</u> : BRAKE LINES Color and Size Coded Nylon : DRAIN VALVE Twist-Type : GAUGE, AIR PRESSURE (2) Air 1 and Air 2 Gauges; Located in Instrument Cluster : PARKING BRAKE CONTROL Yellow Knob, Located on Instrument Panel : QUICK RELEASE VALVE On Rear Axle for Spring Brake Release: 1 for 4x2, 2 for 6x4 : SLACK ADJUSTERS, FRONT Automatic (with Air Cam Brakes) : SLACK ADJUSTERS, REAR Automatic (with Air Cam Brakes) : SPRING BRAKE MODULATOR VALVE R-7 for 4x2, SR-7 with relay valve for 6x4/8x6
4AZA	AIR BRAKE ABS {Bendix AntiLock Brake System} Full Vehicle Wheel Control System (4-Channel)
4EBS	AIR DRYER {Bendix AD-9} with Heater
4EXP	BRAKE CHAMBERS, FRONT AXLE {Bendix} 20 SqIn
4EXU	BRAKE CHAMBERS, REAR AXLE {Bendix EverSure} 30/30 Spring Brake
4JCG	BRAKES, FRONT, AIR CAM S-Cam; 15.0" x 4.0"; Includes 20 Sq. In. Long Stroke Brake Chambers
4NDB	BRAKES, REAR, AIR CAM S-Cam; 16.5" x 7.0"; Includes 30/30 Sq.In. Long Stroke Brake Chamber and Spring Actuated Parking Brake
4SPA	AIR COMPRESSOR {Cummins} 18.7 CFM Capacity
4VKC	AIR DRYER LOCATION Mounted Inside Left Rail, Back of Cab
4VKH	AIR TANK LOCATION (2) Mounted Under Battery Box, Outside Right Rail, Under Cab
5708	STEERING COLUMN Tilting
5CAW	STEERING WHEEL 4-Spoke; 18" Dia., Black
5PSA	STEERING GEAR {Sheppard M100} Power
7BKY	EXHAUST SYSTEM Single, Horizontal Aftertreatment Device, Frame Mounted Under Right Rail, Back of Cab, Includes Short Horizontal Tail Pipe
8000	ELECTRICAL SYSTEM 12-Volt, Standard Equipment <u>Includes</u>

<u>Code</u>	<u>Description</u>
	: DATA LINK CONNECTOR For Vehicle Programming and Diagnostics In Cab
	: HAZARD SWITCH Push On/Push Off, Located on Instrument Panel to Right of Steering Wheel
	: HEADLIGHT DIMMER SWITCH Integral with Turn Signal Lever
	: PARKING LIGHT Integral with Front Turn Signal and Rear Tail Light
	: STARTER SWITCH Electric, Key Operated
	: STOP, TURN, TAIL & B/U LIGHTS Dual, Rear, Combination with Reflector
	: TURN SIGNAL SWITCH Self-Cancelling for Trucks, Manual Cancelling for Tractors, with Lane Change Feature
	: TURN SIGNALS, FRONT Includes Reflectors and Auxiliary Side Turn Signals, Solid State Flashers; Flush Mounted
	: WINDSHIELD WIPER SWITCH 2-Speed with Wash and Intermittent Feature (5 Pre-Set Delays), Integral with Turn Signal Lever
	: WINDSHIELD WIPERS Single Motor, Electric, Cowl Mounted
	: WIRING, CHASSIS Color Coded and Continuously Numbered
8518	CIGAR LIGHTER Includes Ash Cup
8718	POWER SOURCE Cigar Type Receptacle without Plug and Cord
8GXD	ALTERNATOR {Leece-Neville AV1160P2013} Brush Type; 12 Volt 160 Amp. Capacity, Pad Mount, with Remote Sense
8HAB	BODY BUILDER WIRING Back of Standard Cab at Left Frame or Under Sleeper, Extended or Crew Cab at Left Frame; Includes Sealed Connectors for Tail/Amber Turn/Marker/ Backup/Accessory Power/Ground and Sealed Connector for Stop/Turn
8MJP	BATTERY SYSTEM {Fleetrite} Maintenance-Free, (2) 12-Volt 1320CCA Total, Top Threaded Stud
8RMV	SPEAKERS (2) 6.5" Dual Cone Mounted in Doors
8RMX	RADIO Omit; Includes Wiring and Antenna
8VAY	HORN, ELECTRIC Disc Style
8VUX	BATTERY BOX Steel, with Plastic Cover, 25" Wide, 2-3 Battery Capacity, Mounted Right Side Under Cab
8WTK	STARTING MOTOR {Delco Remy 38MT Type 300} 12 Volt; less Thermal Over-Crank Protection
8WWJ	INDICATOR, LOW COOLANT LEVEL with Audible Alarm
8WZK	HEADLIGHTS Halogen; Composite Aero Design for Two Light System
8XAH	CIRCUIT BREAKERS Manual-Reset (Main Panel) SAE Type III with Trip Indicators, Replaces All Fuses
8XHN	HORN, AIR Black, Single Trumpet, with Lanyard Pull Cord
9AAB	LOGOS EXTERIOR Model Badges
9AAE	LOGOS EXTERIOR, ENGINE Badges
9HAD	GRILLE Chrome
9WAY	FRONT END Tilting, Fiberglass, with Three Piece Construction
10060	PAINT SCHEMATIC, PT-1 Single Color, Design 100
	<u>Includes</u>
	: PAINT SCHEMATIC ID LETTERS "WP"
10761	PAINT TYPE Base Coat/Clear Coat, 1-2 Tone
10WGD	SPECIAL RATING, GVWR Limited to 25,999-lb GVWR
11001	CLUTCH Omit Item (Clutch & Control)
12703	ANTI-FREEZE Red, Extended Life Coolant; To -40 Degrees F/ -40 Degrees C, Freeze Protection

<u>Code</u>	<u>Description</u>
12EJC	ENGINE, DIESEL {Cummins B6.7 200} EPA 2017, 200HP @ 2400 RPM, 520 lb-ft Torque @ 1600 RPM, 2600 RPM Governed Speed, 200 Peak HP (Max)
12EMZ	VENDOR WARRANTY, ENGINE {Cummins} B6.7 Engine, 3-Year Unlimited Miles Standard Warranty
12TSY	FAN DRIVE {Borg-Warner SA85} Viscous Type, Screw On <u>Includes</u> : FAN Nylon
12UYE	RADIATOR Aluminum; 2-Row, Cross Flow, Over Under System, 717 SqIn Louvered, with 313 SqIn Charge Air Cooler. with In-Tank Transmission Cooler <u>Includes</u> : DEAERATION SYSTEM with Surge Tank : HOSE CLAMPS, RADIATOR HOSES Gates Shrink Band Type; Thermoplastic Coolant Hose Clamps : RADIATOR HOSES Premium, Rubber
12VBR	AIR CLEANER with Service Protection Element
12VGY	FEDERAL EMISSIONS {Cummins B6.7} EPA, OBD and GHG Certified for Calendar Year 2019
12VXT	THROTTLE, HAND CONTROL Engine Speed Control; Electronic, Stationary, Variable Speed; Mounted on Steering Wheel
12WPV	OIL PAN 15 Quart Capacity, For Cummins ISB/B6.7 Engines
12WZJ	EMISSION COMPLIANCE Low NOx Idle Engine, Complies with California Clean Air Regulations; Includes "Certified Clean Idle" Decal located on Driver Door
13ASP	TRANSMISSION, AUTOMATIC {Allison 2500 RDS} 5th Generation Controls, Wide Ratio, 5-Speed with Overdrive, with PTO Provision, Less Retarder, with 33,000-lb GVW and GCW Max, On/Off Highway
13WLN	TRANSMISSION OIL Synthetic; 20 thru 28 Pints
13WVS	TRANSMISSION SHIFT CONTROL T-Handle Type
13WYY	SHIFT CONTROL PARAMETERS Allison 1000 or 2000 Series Transmissions, 5th Generation Controls, Performance Programming
13XAL	PTO LOCATION Customer Intends to Install PTO at Left Side of Transmission
14AWA	AXLE, REAR, SINGLE {Navistar Select} Single Reduction, Hypoid Gearing, 19,000-lb Capacity, 190 Wheel Ends . Gear Ratio: 5.57
14VAC	SUSPENSION, REAR, SINGLE 15,500-lb Capacity, Vari-Rate Springs, with 4500-lb Capacity Auxiliary Rubber Springs
15LMR	FUEL/WATER SEPARATOR {Racor 400 Series,} with Primer Pump, Includes Water-in-Fuel Sensor
15LMZ	LOCATION FUEL/WATER SEPARATOR Mounted Outside Left Rail, 50" Back of Cab
15SGG	FUEL TANK Top Draw, Non-Polished Aluminum, D-Style, 19" Tank Depth, 70 US Gal (265L), with Quick Connect Outlet, Mounted Left Side, Under Cab
15WDG	DEF TANK 7 US Gal (26L) Capacity, Frame Mounted Outside Left Rail, Under Cab
16030	CAB Conventional <u>Includes</u> : CLEARANCE/MARKER LIGHTS (5) Flush Mounted
16BAM	AIR CONDITIONER with Integral Heater & Defroster
16GDC	GAUGE CLUSTER Base Level; English with English Speedometer and Tachometer, for Air Brake Chassis, Includes Engine Coolant Temperature, Primary and Secondary Air Pressure, Fuel and DEF Gauges, Oil Pressure Gauge, Includes 3 Inch Monochromatic Text Display

<u>Code</u>	<u>Description</u>
16HKT	IP CLUSTER DISPLAY On Board Diagnostics Display of Fault Codes in Gauge Cluster
16KAV	SEAT, DRIVER {National} Non-Suspension, High Back with Integral Head Rest, Vinyl, with Fixed Back
16SMN	SEAT, PASSENGER {National} Non Suspension, High Back, Fixed Back, Integral Headrest, Vinyl
16SNL	MIRRORS (2) Black Heads, Brackets and Arms, 7.55" x 14.1" Flat Glass, 7.48" x 6.77" Convex Glass Both Sides
16VKB	CAB INTERIOR TRIM Classic, for Day Cab <u>Includes</u> : CONSOLE, OVERHEAD Molded Plastic with Dual Storage Pockets, Retainer Nets and CB Radio Pocket; Located Above Driver and Passenger : DOME LIGHT, CAB Door Activated and Push On-Off at Light Lens, Timed Theater Dimming, Integral to Overhead Console, Center Mounted : SUN VISOR (2) Padded Vinyl; 2 Moveable (Front-to-Side) Primary Visors, Driver Side with Toll Ticket Strap
16VLM	CAB REAR SUSPENSION Rubber Suspension, for Low Cab Height
16WJU	WINDOW, POWER (2) and Power Door Locks, Left and Right Doors, Includes Express Down Feature
16XJN	INSTRUMENT PANEL Flat Panel
16ZBT	ACCESS, CAB Steel, Driver & Passenger Sides, Two Steps Per Door, for use with Regular and Extended Cabs
7372135809	(2) TIRE, FRONT 11R22.5 Load Range G AH37 (HANKOOK), 501 rev/mile, 75 MPH, All-Position
7372135810	(4) TIRE, REAR 11R22.5 Load Range G DH37 (HANKOOK), 498 rev/mile, 75 MPH, Drive
Services Section:	
40129	WARRANTY Standard for MV Series, Effective with Vehicles Built July 1, 2017 or Later, CTS-2020A
1	Santana Truck bodies 12" Dump. Includes WB adjust and 3/4" tow plate with air lock pintel hitch and 7-way plug Manual Spring loaded tarp standard mesh White paint

<u>Description</u>	<u>(US DOLLAR)</u>	<u>Price</u>
Factory List Prices:		
Product Items	\$98,558.00	
Service Items	\$0.00	
Total Factory List Price Including Options:		\$98,558.00
Freight Charge	\$2,200.00	
Total Freight:		\$2,200.00
Total Factory List Price Including Freight:		\$100,758.00
Less Customer Allowance:		(\$33,869.00)
Total Vehicle Price:		\$66,889.00
Total Body/Allied Equipment:		\$26,000.00
Total Sale Price:		\$92,889.00
Total Per Vehicle Sales Price:		\$92,889.00
Net Sales Price:		\$92,889.00

Please feel free to contact me regarding these specifications should your interests or needs change. I am confident you will be pleased with the quality and service of an International vehicle.

Approved by Seller:

Accepted by Purchaser:

Official Title and Date

Firm or Business Name

Authorized Signature

Authorized Signature and Date

This proposal is not binding upon the seller without Seller's Authorized Signature

Official Title and Date

The TOPS FET calculation is an estimate for reference purposes only. The seller or retailer is responsible for calculating and reporting/paying appropriate FET to the IRS.



Vehicle Registration Fee Calculator

Transaction Date: February 13, 2019
Type of Calculation: New California Vehicle Purchase
Type of Vehicle: Commercial
Model Year: 2020
Motive Power: Diesel
Number of Axles: Two
Weight Type: Gross Vehicle Weight Range: 30,001 - 35,000 lbs
Purchase Date: February 13, 2019
Purchase Price: \$92,327.00
County: Riverside
Zip Code: 92223

Current Registration:	57.00
Current Vehicle License Fee:	600.00
Commercial Vehicle Registration Act Registration Fee:	122.00
Commercial Vehicle Registration Act Service Authority for Freeway Emergencies Fee:	3.00
Commercial Vehicle Registration Act Fingerprint ID Fee:	3.00
Commercial Vehicle Registration Act Auto Theft and/or DUI Fee:	3.00
Commercial Vehicle Registration Act Weight Fee:	679.00
Commercial Vehicle Registration Act California Highway Patrol Fee:	44.00
Current South Coast Air Basin:	1.00
Current Valley Air Quality:	6.00
Current Cargo Theft Interdiction Program Fee:	3.00
Commercial Vehicle Registration Act Weight Decal Fee:	3.00
Alt Fuel/Tech Reg Fee:	3.00
Current Transportation Improvement Fee:	175.00
Use/Sales Tax:	7,155.00
ReflectORIZED License Plate Fee:	1.00
Total Registration Fees:	\$1,703.00
Total Use/Sales Tax:	\$7,155.00
Grand Total Registration Fees:	\$8,858.00

[Print Result](#)

See Registration Fees and Smog Abatement/High Polluter Fees for additional information.

This is an estimate based on the information provided. Fees may vary depending on the actual vehicle registration. All fees are subject to statutory change.

[Calculator Home Page](#)

[Calculate Another Vehicle](#)

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Staff Report

TO: Mayor and Council Members

FROM: Kevin Norville, Public Works Manager

DATE: February 19, 2019

SUBJECT: Approve Purchase Order to Quinn CAT for the Purchase of a Caterpillar 272D Skid Steer Loader in the Not-to-Exceed Amount of \$100,662.92

Background and Analysis:

The FY 18-19 budget includes the purchase of a skid steer loader. The skid steer loader is an extremely versatile piece of equipment that may be used on a variety of projects due to its compact size and capability of interchangeable attachments. The skid steer loader will be ordered with a grinding attachment that will allow for asphalt grinding, a sweeping head that will allow for faster clean ups on roadway surfaces after larger construction projects and a bucket that will allow the transportation and placement of various materials. The wastewater treatment plant facilities will also benefit having the use of this equipment. Because of its compact size it can easily access and remove all material from the decan station stalls. As sludge overflows from the centrifuge the skid steer can quickly load up the sludge and dispose of it. The skid steer would also be used to maintain erosion control within the plant facilities.

The Public Works Department has obtained a quote to purchase a skid steer loader from Quinn CAT (see Attachment A). Quinn CAT is a registered vendor with Sourcewell. Sourcewell is a public agency that offers competitively solicited cooperative contracts for the purchase of products and services. Purchasing a product from a registered Sourcewell vendor guarantees that the product is being sold at the lowest price. The City of Beaumont purchasing ordinance requires three (3) quotes from vendors. Since products and services offered through Sourcewell have gone through a competitive bidding process, the City's purchasing requirements have been satisfied.

Fiscal impact:

The total cost for purchasing the Caterpillar 272D Skid Steer Loader amounts to \$100,662.92 and will be split between the sewer and street maintenance department 50%/50% respectively.

Department	Amount
Street Maintenance Department Account # 100-3250-8060-0000	\$ 50,331.46
Sewer Department Account # 700-4050-8060-0000	\$ 50,331.46

Finance Director Review: 

Recommendation:

1. Approve purchase order to Quinn CAT for the purchase of a Caterpillar 272D Skid Steer Loader in the not to exceed amount of \$100,662.92.

City Manager Review: 

Attachments:

- A. Quinn CAT quote for Caterpillar 272D Skid Steer Loader

Attachment A

Quinn CAT quote for Caterpillar 272D Skid Steer Loader



Quote 130770-01

January 30, 2019

CITY OF BEAUMONT
Attention: Account Payable
550 E 6TH STREET
BEAUMONT
California
92223-2218
SourceWell / NJPA MEMBER #: 130043



Attention: Martin

Dear Sir,

We would like to thank you for your interest in our company and our products, and are pleased to quote the following for your consideration.

CATERPILLAR INC. Model: 272D XHP Skid Steer Loader

STOCK NUMBER: NS0011695 SERIAL NUMBER: 0MD201062 YEAR: 2019

We wish to thank you for the opportunity of quoting on your equipment needs. This quotation is valid for 30 days, after which time we reserve the right to re-quote. If there are any questions, please do not hesitate to contact me.

Sincerely,

Jose Farias
Machine Sales Representative
760-399-6404

CATERPILLAR INC. Model: 272D XHP Skid Steer Loader

STANDARD EQUIPMENT

POWERTRAIN

Caterpillar C3.8 Diesel Engine

- 106 Net Horsepower @ 2400 RPM
- EPA Tier 4i and EU Stage IIIB Certified with Aftertreatment
- Electric Fuel Priming Pump
- Air Inlet Heater Starting Aid
- Liquid Cooled, Direct Injection

Two Speed Travel with Ride Control
 Air Cleaner, Dual Element, Radial Seal
 S-O-S Sampling Valve, Hydraulic Oil

Filter, Cartridge Type, Hydraulic
 Filters, Cartridge Type, Fuel and Water Separator
 Radiator/Hydraulic Oil Cooler (side-by-side)
 Spring Applied, Hydraulically Released, Parking Brakes
 Hydrostatic Transmission
 Four Wheel Chain Drive

HYDRAULICS

HYDRAULICS, XHP

- High Flow: 40 gpm (150 lpm) max
- High Flow Pressure: 4061 psi
28000 kPa max
- Continuous Flow
- Hydraulics, Proportional

- Worktool Harness

CONTROLS:
 Electro/Hydraulic Implement Control, RH
 Electro/Hydraulic Hydrostatic Transmission Control, LH

STARTERS, BATTERIES, AND ALTERNATORS

1000 CCA Heavy Duty Battery

ELECTRICAL

12 Volt Electrical System
 100 Ampere Alternator
 Ignition Key Start / Stop / Aux Switch
 Lights:- Gauge Backlighting
 - Two Rear Tail Lights

- Two Rear Halogen Working Lights
- Two Adjustable Front Halogen Lights
- Dome Light

Backup Alarm

OPERATOR ENVIRONMENT

Gauges :

- Fuel Level
- Hour Meter

Operator Warning System Indicators:

- Air Filter Restriction
- Alternator Output
- Armrest Raised / Operator Out of Seat

- Parking Brake Engages

ROPS Cab, Enclosed (C3), Tilt Up:

- Air Conditioner incl Heater/Defroster
- Side Windows
- Cup Holder

FOPS, Level I
 Top and Rear Windows
 Deluxe Headliner

- Engine Coolant Temperature
 - Engine Oil Pressure
 - Glow Plug Activation
 - Hydraulic Filter Restriction
 - Hydraulic Oil Temperature
 - Park Brake Engages
 - Regeneration- Engine Emissions
- Seat, Comfort, Air Suspension
 Ergonomic Contoured Armrest
 Control Interlock System, when Operator
 Leaves Seat or Armrest Raised :
- Hydraulic System Disables
 - Hydrostatic Transmission Disables

- Floormat
- Interior Rear View Mirror
- 12V Electric Socket
- Horn
- Hand (Dial) and Foot Throttle, Electronic
- Dual Direction Electronic Self Level -
 (Raise and lower)
- Work Tool Return to Dig
- Work Tool Positioner
- Electronic Snubbing (Lift)
- Advance Machine Information and Control
 System (AMICS)

OTHER STANDARD EQUIPMENT

- Engine Enclosure - Lockable
- Extended Life Antifreeze (-37C, -34F)
- Machine Tie Down Points (4)
- Coupler, Mechanical
- Support, Lift Arm
- Hydraulic Oil Level Sight Gauge
- Radiator Coolant Level Sight Gauge
- Radiator Expansion Bottle
- Caterpillar Tough Guard Hose
- Counterweight, Machine, External
- Heavy Duty Flat Faced Quick Disconnects

- with Integrated Pressure Release
- Split D-Ring to Route Work Tool Hoses
 Along Side of Left Lift Arm
- Electrical Outlet, Beacon
- Variable Speed Hydraulic Cooling Fan
- Belly Pan Cleanout
- Per SAE J818-2007 and EN 474-3:2006 and
 ISO 14397-1:2007
- At 50% Tipping Load
 - 3600 lb
 - 1633 kg

MACHINE SPECIFICATIONS

Description	Reference No	List Amount
272D2 XHP SKID STEER LOADER	435-8973	\$78,040.00
CONVERSION ARRANGEMENT	421-0340	
FILM, SELF LEVEL, ANSI	435-9238	
FILM, RIDE CONTROL, ANSI	422-3445	
RADIO, AM/FM, BLUETOOTH	345-6180	\$499.00
LIGHTS, LED	495-1671	\$279.00
SEAT BELT, 3"	258-4096	\$143.00
FAN, COOLING, DEMAND	457-3167	
TIRES, 14X17.5 CAT 14PR XD	331-2488	\$2,600.00
SERIALIZED TECHNICAL MEDIA KIT	421-8926	
COUNTERWEIGHT,MACHINE,EXTERNAL	345-5148	\$1,050.00
PACK, DOMESTIC TRUCK	0P-0210	
DOOR, CAB, POLYCARBONATE	345-6260	\$210.00
QUICK COUPLER, HYDRAULIC	515-8592	\$975.00
PRODUCT LINK, CELLULAR PL240	441-4818	
LANE 2 ORDER	0P-9002	
INSTRUCTIONS, ANSI, USA	435-8840	
CERTIFICATION ARR, P65	563-1163	
BUCKET-GP, 80", BOCE	279-5377	\$1,881.00
KIT, WATER TANK, 42 US GAL, D	482-5132	\$1,817.00
24" COLD PLANER, PC306B 600mm (24") drum width - 60 all purpose conical bits 1858mm (73") overall width, Self Leveling Electro-Hydraulic: Independent left/right depth control, Sideshift, Tilt, Float-Tilt Switch to switch between float or tilt control	381-8330	\$21,653.00
KIT, WATER SPRINKLER	231-2591	\$250.00
BROOM, UTILITY, BU118, BOCE 2115mm (83") overall width, 1865mm (73") sweeping width 660mm (26") brush diameter - brush material 100% polypropylene	493-2259	\$5,375.00
KIT, WATER SPRINKLER	256-9335	\$235.00

Sell Price	\$115,007.00
Discount	(\$21,584.34)
Net Balance Due	\$93,422.66
CA SALES TAX (7.75%)	\$7,240.26
After Tax Balance	\$100,662.92

NJPA Contract Number 032515-CAT

WARRANTY

Standard Warranty: 24 Months / 2000 Hours Full Machine

F.O.B./TERMS

Riverside Machine

FINANCING

Finance terms and conditions subject to credit approval by Caterpillar Financial Services Inc.(CFSC). Payment amounts, down payments, and terms are estimates only, final amounts must be determined by CFSC.

ADDITIONAL CONSIDERATIONS

- Delivery is 4-6 weeks

Accepted by _____ on _____

Signature

Staff Report

TO: Mayor and City Council Members
FROM: Sean Thuilliez, Chief of Police
DATE: February 19, 2019
SUBJECT: Auction and Purchase of Police Vehicles

Background and Analysis:

The Police Department requests the purchase of three new police vehicles. The current fleet of fourteen patrol vehicles includes two vehicles designated for watch commanders. This equates to a ratio of approximately one vehicle for every 2.7 officers. These patrol units are operating continuously which shortens their expected service life span. When a vehicle is taken out of service for maintenance, this ratio of officer per vehicle rises significantly. Currently the Police Department has an administrative vehicle that has surpassed its service life and the cost for repair service outweighs the resale value. This vehicle is a 2008 Ford Expedition with 139,000 miles (VIN #1FMFU165X8LA55701). Staff is proposing to remove the emergency equipment outfit from the vehicle for re-use purposes and auction the vehicle. Retired vehicles are commonly auctioned off in an as-is condition with the City bearing no responsibility when sold. All emergency equipment and graphics are removed prior to auction.

National Auto Fleet Group has been chosen as the vendor for purchase of three new police vehicles. National Auto Fleet Group Specializes in police vehicles by preparing them with wiring and spotlights prior to being outfitted with emergency equipment. They also give fleet rates to government agencies and offer delivery of vehicles.

The Police Department has been utilizing the Ford Explorer Police Interceptor in the past; however, the Ford Explorer will not be available to police departments until 2020. Based on the department's urgent need to continuously rotate vehicles into the patrol fleet, the department has selected the Chevrolet Tahoe. Research has shown that of the patrol rated vehicles currently available, the Chevrolet Tahoe is very comparable to the Ford Explorer.

Fiscal Impact:

The financial impact for retiring the 2008 vehicle and the purchase and outfitting of the three new police vehicles is approximately \$169,955.59. The initial purchase cost is

\$132,708.53. The approximate cost to remove all emergency equipment from the retired Ford Expedition is \$435.00. The purchase and installation of all emergency equipment and necessary equipment for the two patrol vehicles is estimated at \$31,817.18 and \$4,994.88 for the administration vehicle.

Finance Director Review: 

Recommendation:

1. Authorize staff to remove the emergency equipment outfit, retire and auction the listed 2008 vehicle from the Police Department Fleet; and
2. Authorize staff to purchase three new Chevrolet Tahoe police vehicles in the amount of \$132,708.53 from National Auto Fleet Group; and
3. Authorize staff to purchase emergency equipment and installation in the amount of \$36,812.06 from West Coast Lights and Siren.

City Manager Review: 

Staff Report

TO: Mayor and City Council Members
FROM: Kristine Day, Assistant City Manager
DATE: February 19, 2019
SUBJECT: City Council Approval of Change Order 4 for the Wastewater Treatment Plant Upgrade/Expansion Project for Structural and Mechanical Modifications due to Pre-Selected Submittals in the Amount of \$57,450.64

Change Order 4:

Item #1 – Delete Floor Grout in Headworks Channel

It was decided by the design team to delete the floor grout in the headworks channel and simply raise the concrete floor.

The total credit for Item #1 is in the amount of \$1,510.84.

Item #2 – Grit Trap Changes

A Hydrophilic water stop was added to the 30-inch effluent pipe to minimize leakage. Due to the manufacturer of the equipment making changes to the design, three (3) cubic yards of slurry were added to raise the wall height.

The total cost for Item #2 is in the amount of \$674.70.

Item #3 – Fine Screen Facility Dimension Change and Piping Change

During the submittal process, the dimensions of the fine screens changed slightly causing minor changes to the grating on the screen channels. This cost is in the amount of \$249.74.

During the submittal process, the manufacturer (Huber) required a lower downstream water surface. The only way to accommodate this change is to increase the effluent pipe from 24-inch (as designed and bid) to a 30-inch diameter. This cost is in the amount of \$24,334.11.

The total cost for Item #3 is in the amount of \$24,583.85.

Item #4 – Various Design Changes

The existing pipe supports for the influent pump station and pump piping do not line up with the new pumps and therefore are called to be demolished. New pipe supports were not shown on the design drawings but need to be included with the construction of the new pumping system. Pipe supports have been added to the drawings after bids were received. The total increased cost associated with this change is \$31,014.35 for 10 stainless steel pipe supports and anchors.

The original design showed a buried plug valve on the drain coming from the Fine Screen Facility. It was determined that a mud valve would provide better service and alleviate the potential of debris plugging the drain line, so the change has been made to replace the plug valve with a mud valve. The total increased cost associated with this change is \$4,501.43.

The engineer determined that modifications to the clarifier launders were unnecessary, deleting it from the scope of work. The results in a credit of \$15,715.24.

Minor design changes provided grating caps over future pipe openings, installation of an equipment pad for an air compressor, and minor conduit modifications. This results in an increase of \$2,881.78.

The total cost for Item #4 is in the amount of \$22,682.32.

Summary of Change Order No. 4 Costs:

In addition to the costs associated with each item, there are taxes, bond, and allowed mark-ups for labor, equipment, and materials. The costs associated for structural and mechanical changes due to pre-selected submittals is in the amount of \$57,450.64 and will have no change to the project schedule. The costs for the change order are summarized below.

Item	Cost
Item #1 – Delete Floor Grout in Headworks Channel	(\$1,510.84)
Item #2 – Grit Trap Changes	\$674.70
Item #3 – Fine Screen Facility Dimension Change and Piping Change	\$24,583.85
Item #4 – Various Design Changes	\$22,682.32
Tax for Materials	\$3,032.42
Mark-up for Labor, Equipment, and Materials (15%)	\$7,419.37
Bond (1%)	\$568.82
Total:	\$57,450.64

Wastewater Treatment Plant Change Order Summary:

CO No.	Description	Reason for Change	Amount
1	MBR System Improvements	Enhance the performance of MBR System	NTE \$150,000.00
2	RO System Electrical Modifications & Storm Drain System Material Change	Design & Material Updates	(\$245.00)
3	New Aeration Basin 1 through 3 Excavation	Conflict with Existing Utilities	NTE \$20,000.00
4	Structural and Mechanical Modifications	Pre-Selected Submittals	\$57,450.64
Budget Amount		Change Orders 1-4	Remaining
\$4,000,000.00		\$227,205.64	\$3,772,794.36

Fiscal Impact:


The project accounting below represents the status of funds should the change order be approved by City Council. A contingency balance of \$3,772,794.36 would remain should City Council approve this item.

WWTP	Budget Amount	Paid to Date	Remaining
Design	\$2,709,798.23	\$2,554,899.76	\$154,898.47
Construction Management	\$5,308,585.72	\$493,613.54	\$4,814,972.18
Equipment	\$252,906.00	\$60,335.00	\$192,571.00
Permits	\$324,776.76	\$4,776.76	\$320,000.00
Construction	\$53,910,737.00	\$2,682,315.83	\$51,228,421.17
Contingency	\$4,000,000.00	\$0	\$4,000,000.00
Total	\$66,506,803.71	\$5,795,940.89	\$60,710,862.82

Finance Director Review: 

Recommendation:

1. Approval of Change Order No. 4 for the Wastewater Treatment Plant Upgrade/Expansion Project for structural and mechanical modifications due to pre-selected submittals in the amount of \$57,450.64.

City Manager Review: 

Attachments:

A. Change Order No. 4

Attachment A

Change Order 4



City of Beaumont Wastewater Treatment Plant Salt Mitigation Upgrade Project Change Order No. 04

February 12, 2019

Contractor:	W.M. Lyles Co.	Original Contract:	Amount	Calendar Days	Comp. Date
Project Name:	Wastewater Treatment Plant Salt Mitigation Upgrade Project	Previous Approved Changes:	\$ 53,912,000.00	820	1/26/2021
Contract No.:	C18-80	This Change: Amount	-\$245.00	0	
CO Number:	04	Revised Contract:	\$57,450.64	0	
		Original Phase 1 Completion Date	\$53,369,205.64	820	1/26/2021
		Revised Phase 1 Completion Date			1/22/2020

This change order covers changes to the subject contract as described herein. The Contractor shall supply all labor, equipment and materials to complete the Change Order items for the lump sum price agreed upon herein. All Change Order items must be submitted to the City for approval prior to fabrication.

Item No.	PCO No.	Description of Changes	Amount	Phase 1 Time Extension (CD*)	Phase 2 / Project Completion Time Extension (CD*)
1	5	DCM-02 Structural and Mechanical Modifications due to Pre-selected Submittals	\$57,450.64	0	0
2	--	-	--	0	0
NET CHANGE IN CONTRACT AMOUNT -- INCREASE (OR-DECREASE)			\$57,450.64	0	0

*Calendar Days

The amount of the Contract will be increased/decreased by the amount of Fifty-Seven Thousand Four Hundred and Fifty Dollars and Sixty-Four cents (\$57,450.64). The Contract Time will be increased by zero (0) calendar days.

The Contractor agrees to furnish all labor, equipment and materials and to perform all other necessary work, inclusive of the directly or indirectly related work, within the approved time extension required to complete the above Change Order items. The undersigned Contractor approves the foregoing Change Order as to the changes, if any, in the Contract Price specified for each item including any and all supervision costs and other miscellaneous costs relating to the change in work, and as to the extension of time allowed, if any, for the completion of the entire work on account of said Change Order. The City and the Contractor hereby agree that this Change Order constitutes full mutual accord and satisfaction for all time, all costs, and all impacts related directly or indirectly to this Change Order. The Contractor hereby agrees that this Change Order represents the full equitable adjustment owed under the Contract, and further agrees on behalf of himself and all subcontractors to waive all right to file any further claims or request for equitable adjustment arising out of or as a result of this Change Order or the cumulative effect of this Change Order on the performance of the overall work under the Contract. This document will become a supplement of the contract and all provisions will apply hereto. It is understood that the Change Order shall be effective when approved by the City.

Recommended: Charles Reynolds
MWH Constructors, Senior Resident Engineer

Date: 2-13-2019

Accepted: Albert A. Webb
W.M. Lyles Co., Contractor

Date: 2/13/19

Approved: Brian Knoll
Albert A. Webb Associates, Program Manager

2/13/2019

Date: _____

Approved: _____
City of Beaumont, City Manager

Date: _____

PCO 03 - MWHC Evaluation Summary - OH&P

Item	Description	WML Estimated Cost Change	MWHC Calculated Cost Change	Final Cost Estimate
1	Labor	\$3,755.98	\$3,755.98	\$3,755.98
2	Material	\$42,160.44	\$43,759.44	\$42,160.44
3	Equipment	\$3,546.03	\$3,546.03	\$3,546.03
	Credits	\$0.00	\$0.00	\$0.00
	Tax Credit	\$0.00	\$0.00	\$0.00
		\$49,462.45	\$51,061.45	\$49,462.45
	markup	\$7,419.37	\$7,659.22	\$7,419.37
	subtotal	\$56,881.82	\$58,720.67	\$56,881.82
	Subcontractor			
4				
	Labor	\$0.00	\$0.00	\$0.00
	Material	\$0.00	\$0.00	\$0.00
	Equipment	\$0.00	\$0.00	\$0.00
	Subcontractors Net Cost	\$0.00	\$0.00	\$0.00
	Subcontractor Markup	\$0.00	\$0.00	\$0.00
	Subcontractor credit	\$0.00	\$0.00	\$0.00
	Subcontractor Tax on Material	\$0.00	\$0.00	\$0.00
	Subcontractor's total w/o Bond	\$0.00		
	Bond	\$0.00	\$0.00	\$0.00
	subtotal	\$0.00	\$0.00	\$0.00
	GC - Subcontract markup			
		\$0.00	\$0.00	\$0.00
	Total	\$56,881.82	\$58,720.67	\$56,881.82
	GC Bond & Ins	\$568.82	\$587.21	\$568.82
	Total	\$57,451.00	\$59,307.87	\$57,450.64

C.O. Cost



**City of Beaumont
Wastewater Treatment Plant Salt Mitigation Upgrade
Project
Change Order No. 04**

			Amount	Calendar Days	Comp. Date
Contractor:	W.M. Lyles Co.	Original Contract:	\$ 53,312,000.00	820	1/26/2021
Project Name:	Wastewater Treatment Plant Salt Mitigation Upgrade Project	Previous Approved Changes:	-\$245.00	0	
Contract No.:	C18-80	This Change: NTE Amount	\$57,450.64	0	
CO Number:	04	Revised Contract:	\$53,369,205.64	820	1/26/2021
		Original Phase 1 Completion Date			1/22/2020
		Revised Phase 1 Completion Date			1/22/2020

This change order covers changes to the subject contract as described herein. The Contractor shall supply all labor, equipment and materials to complete the Change Order items for the lump sum price agreed upon herein. All Change Order items must be submitted to the City for approval prior to fabrication.

Technical Justification:

PCO-03	
Design Adjustment:	DCM-02 Structural and Mechanical Modifications due to Pre-selected Submittals
<ol style="list-style-type: none"> 1. Item #1 – Delete Floor Grout in Headworks Channel <ol style="list-style-type: none"> a. It was decided by the Design Team to delete the floor grout in the headworks channel and simply raise the concrete floor. This is a nominal credit to the City. 2. Item #2 – Grit Trap Changes <ol style="list-style-type: none"> a. Hydrophilic water stop was added to the 30-inch effluent pipe. This is a nominal charge to the City. b. 3 cubic yards of slurry was added to raise the wall height. This is a nominal charge to the City. 3. Item #3 – Fine Screen Facility Dimension Change and Piping Change <ol style="list-style-type: none"> a. During the submittal process, the dimensions of the fine screens changed slightly causing minor changes to the grating on the screen channels b. During the submittal process, the manufacturer (Huber) required a lower downstream water surface. The only way to accommodate this change is to increase the effluent pipe from 24-inch (as designed and bid) to a 30-inch diameter. The net increased cost associated with this change is \$17,232 for the materials plus slight increases for labor and equipment associated with the installation of a larger pipe. 4. Item #4 – Various Design Changes <ol style="list-style-type: none"> a. The existing pipe supports for the influent pump station pump piping do not line up with the new pumps and therefore are called to be demolished. New pipe supports were not shown on the design drawings but need to be included with the construction of the new pumping system. Pipe supports have been added to the drawings after bids were received. The increased cost associated with this change is \$17,200 for 10 stainless steel pipe supports and anchors plus slight increases for labor and equipment associated with the installation. b. The original design showed a buried plug valve on the drain coming from the Fine Screen Facility. It was determined that a mud valve would provide better service and alleviate the potential of debris plugging the drain line so the change has been made to replace the plug valve with a mud valve. The net increased cost associated with this change is \$4,860 for the materials plus slight increases for labor and equipment associated with the installation of the mud valve. 	

- c. Modifications to the clarifier launders was deleted from the scope of work resulting in a credit of \$8,000 for materials plus a reduction in labor and equipment associated with this work.
- d. Minor design changes to provide grating caps over future pipe openings, installation of an equipment pad for an air compressor, and minor conduit modifications resulting in an increase of \$1,082 for materials plus labor and equipment for installation.

PCO-	

PCO-	

CITY OF BEAUMONT WWTP SALT MITIGATION UPGRADE PROJECT

**CHANGE ORDER PROPOSAL (COP) # 03
(By Contractor)**

To (Engineer/CM): MWH Constructors Attention: Charles Reynolds Phone: 702-497-8024 Email: Charles.w.reynolds@stantec.com	From (Contractor): W.M. Lyles Co. Attention: Juan C. Ahumada Phone: 951-972-2056 Email: jahumada@wmlylesco.com
PCO/DCM No.: PCO #03 for DCM#02	
Subject: Clarification No. 2 – Various Adjustments to Drawings	
Reference Documents: Clarification No. 2	
DESCRIPTION	
<p>Please review the attached change order proposal for all credits and extra work required due to the changes described in Clarification No. 2. Here is a description of the cost/credits detailed in the following backup:</p> <p>Item No. 1 – Headworks Drawings (HS-5, HS-6, HS-7): Credit was included for deletion of the floor grout in the Headworks channel. There are no other additional costs related to this change.</p> <p>Item No. 2 – Grit Trap Drawings (HS-7, HS-8, & HM-10): Costs were included to add a hydrophilic waterstop around the 30” pipe penetration. The dimensional changes are minimal the only costs included were an additional 3 cy of slurry backfill needed due to the increase in wall height of the two lower grit sumps.</p> <p>Item No. 3 – Fine Screen Drawings (FSS-1, FSS-2, FSS-5, FSS-6, FSS-9, FSM-1, FSM-2, FSM-3, AB-2, ABS-3, ABM-4, ABM-13, and ABM-15): The dimension changes on the Fine Screen increased the FRP grating by 2.5 SF, minimal costs were included. The Aeration Feed line changed from 24” to 30”, increased costs for Excavation, Bedding and Backfill were included. The 24” pipeline labor and material costs were included as a credit and the 30” pipeline labor and material costs were included as additional costs.</p> <p>Item No. 4 – Minor changes unrelated to equipment submittals:</p> <p>Changes to HM-12: Costs for 10ea 12” diameter pipe supports were included.</p> <p>Changes to FSM-1: Credit was included for the labor and material for Plug Valves HV-1410 & HV 1420 and associated piping. Additional costs for the change to mud valves for HV-1410 & HV 1420 and associated piping was included.</p> <p>Changes to RSM-1, 2, & 3 Drawings: Credit was included for the concrete work for the small channel walls, grout placement in the channels and the foam in the channels.</p> <p>Changes to SHS 6, 8, & 9 Drawings: Costs were included for 1ea grating cap for future openings, a concrete equipment pad for the Air Compressor, and to extend the 3” conduit and add a unistrut support.</p>	
<p align="center">COST ESTIMATE</p>	

Total Cost \$57,451.00 – see attached breakdown

SCHEDULE IMPACT

None

Received by MWH Constructors (Date):

RESPONSE

Response By:

Date:

Final Distribution: Juan C. Ahumada, W.M. Lyles Co.
Brian Knoll, Webb Associates
MWH Inspector

C. Materials

	<u>Quantity</u>	<u>Unit</u>	<u>Price</u>	<u>Extension</u>
Item 1 - Grout Material Credit	1	CY	-\$85.00	-\$85.00
Item 2 - Adeka Hydrophilic Water Stop	10	LF	\$3.00	\$30.00
Item 2 - Additional Slurry Backfill due to raising wall - 3 CY	3	CY	\$74.00	\$222.00
Item 3 - Dimension Changed added 2.5 SF of FRP Grating	2.5	SF	\$25.00	\$62.50
Item 3 - Additional Sand Bedding	32	TN	\$18.75	\$600.00
Item 3 - 24" Pipe Material Credit	1	LS	-\$20,966.73	-\$20,966.73
Item 3 - 30" Pipe Material Cost	1	LS	\$38,199.25	\$38,199.25
Item 4 - Add 10ea 12" 304SST Pipe Anchors 553/MD-4 -HM-12 w/anchors	10	EA	\$2,490.00	\$24,900.00
Item 4 - Credit for Plug Valves & Pipe Material	1	LS	-\$4,054.00	-\$4,054.00
Item 4 - Cost for Mud Valves & Pipe Material	1	LS	\$8,138.00	\$8,138.00
Item 4 - Demo Work and Clarifer - Concrete Material Credit	1	CY	-\$150.00	-\$150.00
Item 4 - Demo Work and Clarifer - Grout Material Credit	10	CY	-\$85.00	-\$850.00
Item 4 - RSM-1,2,&3 - Demo Work and Clarifer - Foam Material Credit	1	LS	-\$8,000.00	-\$8,000.00
Item 4 - SHS-6, 8, & 9 - Grating Cap for future openings	1	EA	\$200.00	\$200.00
Item 4 - SHS-6, 8, & 9 - Equipment Pad for Air Compressor	1	LS	\$350.00	\$350.00
Item 4 - SHS-6, 8, & 9 - Extend 3" Conduit, add support	1	LS	\$350.00	\$350.00
Misc supplies and consumables	45.5	MHR	\$4.00	\$182.00
				\$0.00
Tax	7.75%			\$0.00
Freight				\$3,032.42
				\$0.00
Total Material =				42,160.44

D. Subcontractor

	<u>Quantity</u>	<u>Unit</u>	<u>Price</u>	<u>Extension</u>
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
Total Subcontract =				\$0.00

Juan Ahumada

From: Matt Cain
Sent: Wednesday, January 30, 2019 3:22 PM
To: Juan Ahumada
Subject: FW: Fw: City of Beaumont - Additional Pricing / WM Lyles Job# 5305
Attachments: Copy of Pipe Supports List by Armando - 10-26-2018.xlsx

Juan,

Just got this pricing back, \$2,340.20 ea. + 6 ea 7/8" SST Multi Wedge anchors @ \$25/ea per support.

From: don_barba@carpenterandpaterson.com <don_barba@carpenterandpaterson.com>
Sent: Wednesday, January 30, 2019 3:18 PM
To: Matt Cain <mcain@wmlylesco.com>
Cc: signe_stpierre@carpenterandpaterson.com; aaron_bagale@carpenterandpaterson.com; dave_bernard@carpenterandpaterson.com
Subject: Re: Fw: City of Beaumont - Additional Pricing / WM Lyles Job# 5305

Matt,

See attached below for the additional pricing for the (10) new anchor supports you needed to add to the scope. They were entered as Item# 125 on the attached listing of supports from Juan Ahumada.

Don Barba Project Coordinator



C&P, LA is an ISO 9001:2015 Certified Company

Carpenter & Paterson, Inc.
434 Latigue Road
Waggaman, LA 70094 USA

Phone: 504.431.7722
Fax: 504.431.7900
www.pipehangers.com



IMPORTANT NOTICE:

Information in this e-mail is confidential and intended only for the recipient(s). If you are not the intended recipient, please destroy this email and notify us immediately. Our full disclaimer can be found at www.hsholdings.com.

Don,

116	HOG	8" ADJ PIPE SUPPORT 532/MD-4 2' H	2	EA	320.10	640.20	304 SST Sch 10S	Solids Holding Tanks # 1 & 2	
117	HOG	8" ADJ PIPE SUPPORT 532/MD-4 3' H	3	EA	342.50	1,027.50	FRP	Fine Screens	
118	HOG	8" ADJ PIPE SUPPORT 532/MD-4 3' H	1	EA	342.50	342.50	FRP	Headworks	
119	HOG	8" ADJ PIPE SUPPORT 532/MD-4 6'-4" H	4	EA	465.85	1,863.40	Ductile Iron	Solids Feed P.S.	
120	HOG	8" CLEVIS HANGER 546/MD-6 3' LG	2	EA	139.10	278.20	304 SST SCH 10S	Solids Holding Tanks # 1 & 2	Changed the description to 8"-4" because that is the info on sheet 62
121	HOG	8" CLEVIS HANGER 546/MD-6 W/SEISMIC 3' LG	2	EA	277.40	554.80	304 SST SCH 10S	Solids Holding Tanks # 1 & 2	
122	HOG	8" CLEVIS HANGER 6' LG	2	EA	139.10	278.20	FRP	Fine Screens	
123	HOG	8" KNEE BRACKET HEAVY DUTY W/U-BOLT 1'-2"	8	EA	341.75	2,734.00	Ductile Iron	MBR Building	
124	HOG	W/14 X 10 BEAMS 2'-2" LG	4	EA	185.55	742.20	Steel Pipe Fabricated	MBR Building	
125	304 SST	17" PIPE ANCHORS 531/MD-4 2'-6"	10	EA	2,340.20	23,402.00			
				TOTAL:		\$294,050.90			

Crump & Co., Inc.

Manufacturers Representatives
Water and Wastewater Equipment

ECCENTRIC PLUG VALVES, AWWA BUTTERFLY
VALVES, AIR VALVES, CHECK VALVES, BALL
VALVES, TIDEFLEX CHECK VALVES, PINCH,
VALVES, KNIFE GATE VALVES,
SENSORS, ETC

QTY	DESCRIPTION	PRICE (EA)
2	6" Val-Matic Model 5706F/6A02XP, buried service Plug Valve, Operator, 100% port, 175 psi, MJ x MJ Interior / Exterior: UL / NSF Liquid Epoxy NSF Certified	\$1,114.00
5	6" Val-Matic Model 5606RNXP, Plant service Plug Valve, Lever Operator, 100% port, 175 psi Interior / Exterior: UL / NSF Liquid Epoxy NSF Certified	\$737.00
4	4" Val-Matic Model 5604RNXP, Plant service Plug Valve, Lever Operator, 100% port, 175 psi Interior / Exterior: UL / NSF Liquid Epoxy NSF Certified	\$372.00
2	3" Val-Matic model # 5803/EMA, motor actuated plug valves Interior / Exterior: UL / NSF Liquid Epoxy NSF Certified	\$5,200.00
2	2" Plug valves, lever op Interior / Exterior: UL / NSF Liquid Epoxy NSF Certified	\$132.00
3	1", Plug valves, lever op Interior / Exterior: UL / NSF Liquid Epoxy NSF Certified	\$97.00
1	1", Val-Matic Model 201C.2X, Combination air valve Interior / Exterior: UL / NSF Liquid Epoxy NSF Certified	\$255.00
2	2", Val-Matic Model 202C.2X, Combination air valve Interior / Exterior: UL / NSF Liquid Epoxy NSF Certified	\$389.00
1	3", Val-Matic Model 203C.2X, Combination air valve Interior / Exterior: UL / NSF Liquid Epoxy NSF Certified	\$490.00
2	2", Val-Matic Model 802ABW, Sewage Combination air valve, Backwash attachment's. Interior / Exterior: UL / NSF Liquid Epoxy NSF Certified	\$989.00
1	2" x 1", Val-Matic Model 801ABWX, Sewage Combination air valve Backwash Attachments Interior / Exterior: UL / NSF Liquid Epoxy NSF Certified	\$666.00
4	3", Val-Matic Model 803ABWX, Sewage Combination air valve Backwash attachments Interior / Exterior: UL / NSF Liquid Epoxy NSF Certified	\$1,275.00
4	4", Val-Matic Model 804BWX, Sewage Combination air valve Backwash Attachments Interior / Exterior: UL / NSF Liquid Epoxy	\$1,573.00

	6" BW HDPE 90 / IPS	6 EA	31.40	188
	6" BW HDPE 45 / IPS	8 EA	31.40	251
	6" BW HDPE BLIND FLANGE / IPS	1 EA	61.75	62
	8" x 6" BW HDPE CONC REDUCER / IPS	1 EA	44.86	45
	12" BW HDPE 90 / IPS	1 EA	284.21	284
	12" BW HDPE 45 / IPS	1 EA	303.78	304
	12" BW HDPE 22 1/2 / IPS	2 EA	134.97	270
	12" x 8" BW HDPE CONC REDUCER / IPS	1 EA	94.18	94
	12" x 6" BW HDPE TEE / IPS	6 EA	280.58	1,683
	14" BW HDPE 90 / IPS	2 EA	295.18	590
	14" BW HDPE 45 / IPS	1 EA	207.78	208
033.090	IPS MOLDED HDPE PR200 FTGS			344
	1" BW HDPE MOLDED - MALE THREAD ADAPTER / IPS	5 EA	15.07	75
	1" BW HDPE MOLDED 90 / IPS	7 EA	9.63	67
	1" BW HDPE MOLDED MALE THREAD ADAPTER / IPS	4 EA	15.15	61
	1 1/2" BW HDPE MOLDED 90 / IPS	3 EA	6.39	19
	2" x 1" BW HDPE MOLDED CONC RED / IPS	2 EA	5.66	11
	2" x 1 1/2" BW HDPE MOLDED CONC RED / IPS	1 EA	7.15	7
	2" x 1" BW HDPE MOLDED CONC RED / IPS	3 EA	5.65	17
	1 1/2" BW HDPE MOLDED 45 / IPS	4 EA	6.88	28
	1 1/2" BW HDPE x MALE ADAPT / IPS	2 EA	14.15	28
	1" BW HDPE MOLDED x MALE ADAPT	2 EA	15.15	30
033.120	IPS / DIPS HDPE MJ ADAPTER KIT			138
	8" IPS / DIPS HDPE MJ ADAPT KIT	1 EA	137.50	138
033.125	IPS / DIPS HDPE FLG ADAPTER			450
	3" HDPE FLG ADAPTER / IPS	3 EA	9.74	29
	6" HDPE FLG ADAPTER / IPS	7 EA	20.23	142
	12" HDPE FLG ADAPTER / IPS	2 EA	70.64	141
	14" HDPE FLG ADAPTER / IPS	1 EA	137.91	138
033.130	IPS / DIPS FLG BACK-UP RINGS			1,701
	12" DI BACKUP RING / IPS	2 EA	43.22	86
	3" SST BACKUP RING / IPS	3 EA	59.20	178
	6" SST BACKUP RING / IPS	7 EA	99.57	697
	14" SST BACKUP RING / IPS	1 EA	740.02	740
035.000	BELL JNT GSKT PVC PRESS PIPE - SEE PIPE SCHEDULES AND SECT - 400531, 2.4,			111,356
035.010	PR235 / DR18 C900/C905 PVC PIPE			19,882
	8" PR235 / DR18 C900 BJ BLUE PVC PIPE	960 FT	7.36	7,066
	6" PR235 / DR18 C900 BJ GREEN PVC PIPE	100 FT	4.31	431
	8" PR235 / DR18 C900 BJ GREEN PVC PIPE	220 FT	7.46	1,641
	12" PR235 / DR18 C900 BJ GREEN PVC PIPE	680 FT	15.80	10,744
035.025	PR100 / DR41 C905 PVC PIPE			66,431
	16" PR100 / DR41 C905 BJ PVC PIPE	240 FT	12.74	3,058
	18" PR100 / DR41 C905 BJ PVC PIPE	1,300 FT	16.08	20,904
	20" PR100 / DR41 C905 BJ PVC PIPE	260 FT	20.02	5,205
	24" PR100 / DR41 C905 BJ PVC PIPE	480 FT	29.20	14,016
	24" PR100 / DR41 C905 BJ PVC PIPE { ADD # 7 }	40 FT	29.20	1,168
	30" PR100 / DR41 C905 BJ PVC PIPE	480 FT	46.00	22,080

Staff Report

TO: Mayor and City Council Members
FROM: Kristine Day, Assistant City Manager
DATE: February 19, 2019
SUBJECT: City Council Approval of Change Order 5 with WEKA, Inc. for Potrero Bridge/Caltrans Future Right-of-Way due to Brine Line Installation Requirements in an Amount not to Exceed \$90,000

Background and Analysis:

On November 6, 2018, City Council ratified Change Order No. 1 for the installation of the Brine Line through the Potrero Bridge (materials and bridge knockouts) in an amount not to exceed \$238,615.70. City Council also approved Change Order No. 2 for the installation of the Brine Line through the Potrero Bridge (installation of line) in an amount not to exceed \$324,043.15 and directed staff to implement a force account for time and materials per the contract.

On December 18, 2018, City Council approved Change Order No. 3 for the installation of the Brine Line on Potrero Boulevard - 4th Street for completion of the Brine Line in an amount not to exceed \$646,482.65. City Council also approved Change Order No. 4 for the County of Riverside Encroachment Permit credit in the amount of \$45,460.

Due to recent changes in the Caltrans Standards in January of 2019, the Brine Line within the future Caltrans right-of-way, for the Potrero Bridge Project, is required to be backfilled with 2-sack slurry in the pipe zone, along with a minimum compaction for the trench backfill to be 95% or slurry filled to the surface.

Staff recommends the City Council approve Change Order No. 5 for Potrero Bridge / Caltrans right-of-way due to brine line installation requirements in an amount not to exceed \$90,000. This will have no change to the project schedule.

Brine Line Change Order Summary

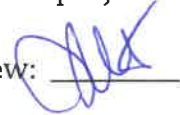
CO No.	Contractor	Description	Reason for Change	Amount
1 (Potrero CO 10)	Weka, Inc.	Brine Line Improvements (Pre-Authorized)	Addition of 12" Brine Line during construction	\$238,615.70
2 (Potrero CO 11)	Weka, Inc.	Brine Line Improvements (Remaining Work) (Force Account)	Addition of 12" Brine Line during Construction	\$324,043.15 Not to Exceed but direct to Force Account
3	Weka, Inc.	Brine Line Improvements Potrero Boulevard – 4 th Street	Addition of 12" Brine Line During Construction	\$646,482.65
4	Weka, Inc.	County of Riverside Encroachment Permit Credit	City paid fee for encroachment permit, but	(\$45,460.00)
5	Weka, Inc.	Potrero Bridge / Caltrans Right-of-Way	Brine Line Installation Requirements	\$90,000.00

The project accounting for the Brine Line contingency is as follows:

Brine Line	Budget Amount	Change Orders 1-5	Remaining
Contingency	\$2,600,000.00	\$1,253,681.50	\$1,346,318.50

Fiscal Impact:

The cost for Change Order No. 5 is accounted for within the project account budget. No additional funding for this project is being requested for Change Order No. 5.

Finance Director Review: 

Recommendation:

1. Approval of Change Order 5 with WEKA, Inc. for Potrero Bridge/Caltrans right-of-way due to brine line installation requirements in an amount not to exceed \$90,000.

City Manager Review: 

Attachments:

A. Cost Breakdown

Attachment A
Cost Breakdown

WEKA INC.				Beaumont Caltrans change request	UNIT PRICE	TOTAL BID AMOUNT
QUANTITY	UNIT		DESCRIPTION			
1	1	LS	Mobilization	10,000.00		10,000.00
2	896	LF	Slurry pipe zone, class 2 base backfill	86.00		77,056.00
3	250	CY	Slurry pipe zone, and around Maint MH	0.00		0.00
4	614	Ton	Class 2 base backfill and around MH	0.00		0.00
5	614	Ton	Haul off displacement class 2 base	0.00		0.00
6	896	LF	No comp	0.00		0.00
7	1	DAY	extra water truck	0.00		0.00
8	250	CY	Haul off slurry	0.00		0.00
9	50	EA	sandbags	0.00		0.00
10	1			0.00		0.00
11	1	LS	Buy American items	1,410.00		1,410.00
12	1			0.00		0.00
13	1			0.00		0.00
GRAND TOTALS						88,466.00



ROXANN M. VOTAW
votaw@sbemp.com
FIRM ADMINISTRATOR

REPLY TO:
Palm Springs, California

FEBRUARY 5, 2019

CITY OF BEAUMONT PROFESSIONAL SERVICES THRU: 1/31/2019

TOTAL DUE: \$82,461.61

Sincerely,
SBEMP, LLP

By: Roxann M Votaw

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont*Gregg

Professional services through: 1/31/2019:

Invoice # 51692

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$467.50

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City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont*Hupp

Professional services through: 1/31/2019:

Invoice # 51693

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$110.00

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E-MAIL INVOICES

Our file no:
City of Beaumont*MLH

Professional services through: 1/31/2019:

Invoice # 51695

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$3,776.67

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Our file no:
City of Beaumont*McFarlinAnder

Professional services through: 1/31/2019:

Invoice # 51694

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$4,679.50

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont*MV

Professional services through: 1/31/2019:

Invoice # 51696

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$9,800.00

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont*Norton Rose

Professional services through: 1/31/2019:

Invoice # 51697

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$1,246.67

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont*Peters

Professional services through: 1/31/2019:

Invoice # 51698

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$192.50

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont*Police Dept

Professional services through: 1/31/2019:

Invoice # 51699

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$1,800.00

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont*Successor Age

Professional services through: 1/31/2019:

Invoice # 51700

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$27.50

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont*Talley Aguirre

Professional services through: 1/31/2019:

Invoice # 51701

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$2,632.50

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont*ULC Defense

Professional services through: 1/31/2019:

Invoice # 51702

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$10,807.50

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont*Urban Logic

Professional services through: 1/31/2019:

Invoice # 51703

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$13,672.00

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont*Wallis Receiv

Professional services through: 1/31/2019:

Invoice # 51704

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$82.50

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont-3rdPartyClaim

Professional services through: 1/31/2019:

Invoice # 51706

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$299.00

SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont-AC Equipment

Professional services through: 1/31/2019:

Invoice # 51706

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$3,430.00

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont-Gen Lit

Professional services through: 1/31/2019:

Invoice # 51707

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$4,006.50

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont-Labor&Employ

Professional services through: 1/31/2019:

Invoice # 51708

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$358.50

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont-Lit Hupp

Professional services through: 1/31/2019:

Invoice # 51709

	<u>Amount</u>
BALANCE DUE – PLEASE SUBMIT PAYMENT:	<u>\$137.50</u>

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont-OverRetainer

Professional services through: 1/31/2019:

Invoice # 51710

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$16,307.77

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City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont-Retainer

Professional services through: 1/31/2019:

Invoice # 51711

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$7,500.00

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FEBRUARY 5, 2019

City of Beaumont
E-MAIL INVOICES

Our file no:
City of Beaumont-Serrato

Professional services through: 1/31/2019:

Invoice # 51712

BALANCE DUE – PLEASE SUBMIT PAYMENT:

Amount

\$1,127.50

SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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