



MEETING PARTICIPATION NOTICE

This meeting will be conducted utilizing teleconference communications and will be recorded for live streaming as well as open to public attendance subject to social distancing and applicable health orders. All City of Beaumont public meetings will be available via live streaming and made available on the City's official YouTube webpage. Please use the following link during the meeting for live stream access:

BeaumontCa.gov/Livestream

Public comments will be accepted using the following options:

1. Written comments will be accepted via email and will be read aloud during the corresponding item of the meeting. Public comments shall not exceed three (3) minutes unless otherwise authorized by City Council. Comments can be submitted anytime prior to the meeting as well as during the meeting up until the end of the corresponding item. Please submit your comments to: NicoleW@BeaumontCa.gov
2. Phone-in comments will be accepted by joining a conference line prior to the corresponding item of the meeting. Public comments shall not exceed three (3) minutes unless otherwise authorized by City Council. Please use the following phone number to join the call:
(800) 369-1985 (Toll Free) Access Code: 4421618
3. In person comments subject to the adherence to the applicable health orders and social distancing requirements.

In compliance with the American Disabilities Act, if you require special assistance to participate in this meeting, please contact the City Clerk's office using the above email or call (951) 572-3196. Notification 48 hours prior to a meeting will ensure the best reasonable accommodation arrangements.



CITY COUNCIL CLOSED & REGULAR SESSION

550 E. 6th Street, Beaumont, CA

Tuesday, July 07, 2020

Closed Session: 5:00 PM | Regular Meeting: 6:00 PM

AGENDA

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 City Council from discussing or taking actions brought up by your comments.

CLOSED SESSION - 5:00 PM

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 prior to 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 Santos, Mayor Pro Tem Lara, Council Member Carroll, Council Member Martinez, Council Member White

Public Comments Regarding Closed Session

- 1. Conference with Labor Negotiators - Pursuant to Government Code Section 54957.6 City Designated Representatives City Manager Todd Parton and Administrative Services Director Kari Mendoza. Employee Organizations: Beaumont Police Officers Association**
- 2. Conference with Legal Counsel - Anticipated Litigation Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2) and/or (3) - One (1) matter**
- 3. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8 for Property Known as Vacant Land APN 418- 190-004, 005, 006, and 007 and 418-140-028 and 029. Agency Negotiator: City Manager Todd Parton or his Designee.**

**Negotiating Parties: City of Beaumont and Heslin Holdings, Inc., Under Negotiation:
Price and Terms**

Adjourn to Regular Session

REGULAR SESSION - 6:00 PM

CALL TO ORDER

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

Report out from Closed Session:

Action on any Closed Session items:

Action of any requests for Excused Absence:

Pledge of Allegiance:

Approval / Adjustments to the Agenda:

Conflict of Interest Disclosure:

ANNOUNCEMENTS/ RECOGNITION / PROCLAMATIONS / CORRESPONDENCE

1. Introduction of New Beaumont Police Department Staff

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 it 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 City 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.

2. Approval of Minutes

Recommended Action:

Approve minutes dated June 16, 2020.

3. Amendment No. 1 to the Professional Services Agreement with Townsend Public Affairs

Recommended Action:

Approve Amendment No. 1 to the Professional Services Agreement with Townsend Public Affairs for state and federal lobbyist services.

4. Consideration of a Request for a One-Year Extension of Time for Tentative Parcel Map 34990 (South Side of Oak Valley Parkway, East of Interstate 10)

Recommended Action:

Approve a one-year extension of time for Tentative Parcel Map 34990.

5. Adoption of a Resolution Authorizing Participation in the County of Riverside’s Urban County Program for Fiscal Years 2021-22, 2022-23 and 2023-24

Recommended Action:

Waive the full reading and adopt by title only, “A Resolution of the City Council of the City of Beaumont Authorizing Participation in the County of Riverside’s Urban County Program for Fiscal Years 2021-22, 2022-23 and 2023-24.”

6. Adoption of Electronic Funds Transfer (EFT) Policy

Recommended Action:

It is recommended the City Council review the EFT Policy and either direct changes or adopt the policy.

PUBLIC HEARINGS

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

7. Hold a Public Hearing and Consider Proposed Addition of Chapter 8.55 Regulation of Shopping Carts to the Beaumont Municipal Code

Recommended Action:

Hold a public hearing, and
Waive the first full reading and approve by title only, the addition of “Chapter 8.55 Regulation of Shopping Carts” to the Beaumont Municipal Code.

8. Hold a Public Hearing and Consider Resolution Approving a Subscription Agreement with ChargePoint and Establishing A Fee Schedule for Electric Vehicle Charging Stations

Recommended Action:

Hold a Public Hearing,
Waive the full reading and adopt by title only, “A Resolution of the City Council of the City of Beaumont, California, Approving a Subscription Agreement with ChargePoint and Establishing a Fee Schedule for Electric Vehicle Charging Stations,” and
Authorize the Mayor to execute the subscription agreement with ChargePoint.

ACTION ITEMS

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

9. Analysis of Use of Force Policies of the Beaumont Police Department

Recommended Action:

Receive and file.

10. Proposed Refunding of Outstanding Bonds Related to Improvement Areas 8C and 17B of Community Facilities District No. 93-1

Recommended Action:

Waive the Full Reading and Adopt by Title Only, “A Resolution of the City Council of the City of Beaumont Acting as Legislative Body of Community Facilities

District No. 93-1, Authorizing the Issuance of Special Tax Refunding Bonds and Taking Other Actions in Connection Therewith” and Recess the City Council Meeting,

Convene a Meeting of the Board of Directors of the Beaumont Financing Authority and Waive the Full Reading and Adopt by Title Only, “A Resolution of the Board of Directors of the Beaumont Financing Authority Approving the Execution of Escrow Agreements in Connection with the Refunding of Certain Local Agency Revenue Bonds of the Authority and Special Tax Bonds of the City of Beaumont Community Facilities District No. 93-1, and Taking Certain Other Actions in Connection Therewith”, and Adjourn the Board Meeting,

Convene a Meeting of the Board of Directors of the Beaumont Public Improvement Authority and Waive the Full Reading and Adopt by Title Only, “A Resolution of the Board of Directors of the Beaumont Public Improvement Authority, Riverside County, California, Authorizing the Issuance of its Local Agency Refunding Bonds, in One or More Series, in an Aggregate Principal Amount of Not-to-Exceed Twenty Million Dollars (\$20,000,000) and Approving Certain Documents and Taking Other Actions in Connection Therewith” and Adjourn the Board Meeting and Reconvene the City Council Meeting, and

Provide Direction to Staff and Financing Team on ‘Debt Service Structure’ as Discussed Herein.

11. Discussion and Direction to City Staff Regarding Application for the Use of the City of Beaumont’s CARES Act Relief Fund Allocation

Recommended Action:

City staff recommends that the City Council approve the Certification for Receipt of Funds Pursuant to Paragraphs (2) or (3) of Subdivision (d) of Control Section 11.90 of the California Budget Act of 2020 authorizing the City Manager to request Beaumont’s CARES Act Relief Fund Allocation, provide direction to City staff on the utilization of Beaumont’s per capita allocation of \$635,569, and direct City staff to present a program for the use of its funds for City Council consideration at the City Council regular session scheduled for July 21, 2020.

12. Authorize Amendment One to the Agreement for Claims Administration Services with Sedgwick Claims Management Services

Recommended Action:

Authorize the City Manager to execute Amendment One to the Agreement for Claims Administration Services.

13. Award a Public Works Agreement to The Van Dyke Corporation for Construction Services for Seneca Springs Lift Station Piping Modifications Project in an Amount Not to Exceed \$38,720; and Authorize the City Manager to Sign Change Orders up to an Additional \$5,000 for a Total Not to Exceed Construction Budget of \$43,720

Recommended Action:

Award a Public Works Agreement to The Van Dyke Corporation for construction services for Seneca Springs Lift Station Piping Modifications Project in an amount not to exceed \$38,720, and

Authorize the City Manager to sign change orders up to an additional \$5,000 for a total not to exceed construction budget of \$43,720.

14. Award a Public Works Agreement to Northstar Chemical and Hasa, Inc., for Chemical Supply Services for the Wastewater Treatment Plant

Recommended Action:

Award a Public Works Agreement to Northstar Chemical for chemical supply services for the Wastewater Treatment Plant in accordance with the unit pricing within Attachment B, and

Award a Public Works Agreement to Hasa, Inc., for chemical supply services for the Wastewater Treatment Plant in accordance with the unit pricing within Attachment C.

LEGISLATIVE UPDATES AND DISCUSSION

15. Legislative Report

COUNCIL REPORTS

- Carroll
- Lara
- Martinez
- Santos
- White

CITY TREASURER REPORT

Finance and Audit Committee Report Out and City Council Direction

CITY CLERK REPORT

CITY ATTORNEY REPORT

16. Status of Pending Litigation

CITY MANAGER REPORT

FUTURE AGENDA ITEMS

ADJOURNMENT

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, July 21 2020, 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



CITY COUNCIL CLOSED & REGULAR SESSION

550 E. 6th Street, Beaumont, CA

Tuesday, June 16, 2020

Closed Session: 5:00 PM | Regular Meeting: 6:00 PM

MINUTES

CLOSED SESSION - 5:00 PM

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 prior to 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 at 5:04 pm.

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

Public Comments Regarding Closed Session

No speakers

1. Conference with Labor Negotiators - Pursuant to Government Code Section 54957.6 City Designated Representatives City Manager Todd Parton and Administrative Services Director Kari Mendoza. Employee Organizations: Beaumont Police Officers Association

No reportable action.

2. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8 for Property Known as Vacant Land APN 418- 190-004, 005, 006, and 007 and 418-140-028 and 029. Agency Negotiator: City Manager Todd Parton or his Designee. Negotiating Parties: City of Beaumont and JADE Real Estate Holdings. Under Negotiation: Price and Terms

No reportable action.

- 3. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8 - 8.10. Property Known as Vacant Land APN 418- 190-004, 005, 006, and 007 and 418-140-028 and 029. Agency Negotiator: City Manager Todd Parton or his Designee. Negotiating Parties: City of Beaumont and Heslin Holdings, Inc. Under Negotiation: Price and Terms

No reportable action.

Adjourn to Regular Session

REGULAR SESSION - 6:00 PM

CALL TO ORDER at 6:10 p.m.

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

Report out from Closed Session: *see above*
 Action on any Closed Session items: **None**
 Action of any requests for Excused Absence: **None**
 Pledge of Allegiance
 Approval / Adjustments to the Agenda: **None**
 Conflict of Interest Disclosure: **None**

ANNOUNCEMENTS/ RECOGNITION / PROCLAMATIONS / CORRESPONDENCE

PUBLIC COMMENT PERIOD (ITEMS NOT ON THE AGENDA)

J. Light - (written comment) Asked that Council not close the Plunge pool.

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.

- 1. Approval of Minutes

Recommended Action:

Approve minutes dated June 2, 2020.

- 2. Citywide Grants Update

Recommended Action:

Receive and file.

3. One Year Extension of the Interagency Service Agreement between the City of Banning and the City of Beaumont to Provide Coordinated Transit Services

Recommended Action:

Approve the Interagency Service Agreement between the City of Banning and the City of Beaumont and authorize the Mayor to execute on behalf of the City.

**Motion by Council Member White
Second by Council Member Martinez**

To approve the Interagency Service Agreement between the City of Banning and the City of Beaumont and authorize the Mayor to execute on behalf of the City.

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

Approved by a unanimous vote

4. Approval of Gann Limit for FY 2020-21

Recommended Action:

Waive the full reading and adopt by title only a “Resolution of the City Council of the City of Beaumont, approving the Appropriation Limit for the 2020-21 Fiscal Year.”

5. FY 2020 General Fund and Wastewater Fund update through April 2020

Recommended Action:

It is recommended the City Council receive and file the updated financial schedules.

6. Performance Bond Exoneration for Bond No. 1058983 and 1058984 for K. Hovnanian Homes Tract 33096-6

Recommended Action:

Accept Maintenance Bond No. LICX1194621 to replace Performance Bond No. 1058983.

7. Performance Bond Exoneration for Bond No.1047933 and Accept the One-Year Maintenance Bond No. 1047933-M

Recommended Action:

Accept Maintenance Bond No. 1047933-M to replace Performance Bond No. 1047933.

8. Performance Bond Acceptance and Security Agreement for Beaumont RV and Self-Storage for Street Improvements

Recommended Action:

Accept Performance Bond No.4423509 for street improvements for Beaumont RV Self and Storage.

9. Resolution Calling the Next General Municipal Election to be Held in the City of Beaumont on November 3, 2020

Recommended Action:

Waive the full reading and adopt by title only, “A Resolution of the City Council of the City of Beaumont, California, Calling and Giving Notice of the Holding of a General Municipal Election to be Held in the City on Tuesday November 3, 2020, for the Election of Certain Officers of the City as Required by the Provisions of the Laws of the State of California Relating to General Law Cities and Requesting the Registrar of Voters of the County of Riverside to Conduct Said Election.”

Motion by Council Member White

Second by Mayor Pro Tem Lara

To approve Consent Items 1, 2, 4,5,6,7,8, and 9.

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

Approved by a unanimous vote

PUBLIC HEARINGS

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

ACTION ITEMS

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

10. Establishment of a Business Assistance Program (BAP) for Local Businesses that Have Experienced COVID-19 Related Losses

Recommended Action:

City staff is looking for City Council direction and action and, since this is a policy-related decision, does not have a specific recommendation at this time.

Motion by Council Member Martinez

Second by Council Member Carroll

To table this item to a future meeting for modifications.

Ayes: Council Member Martinez, Council Member Carroll, Mayor Santos

Noes: Council Member White, Mayor Pro Tem Lara

Approved by a 3-2 vote.

11. Award 36 Month Lease Agreement to Konica Minolta Business Solutions U.S.A, Inc. for Multifunction Copiers via Cooperative Agreement

Motion by Council Member White
Second by Mayor Pro Tem Lara

To award a subscription agreement to Konica Minolta Business Solutions U.S.A, Inc. for digital multifunction copiers, and
Authorize the Mayor to execute the agreement on behalf of the City of Beaumont.

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

Approved by a unanimous vote

12. Approve the Fourth Amendment of the Public Works Agreement for Traffic Signal and Emergency Signal Maintenance to St. Francis Electric, LLC in an Amount not to Exceed \$41,040.00 for Fiscal Year 2020/2021

Motion by Council Member Martinez
Second by Mayor Santos

To approve a one-year extension of the existing contract for traffic signal and emergency signal maintenance to Saint Frances Electric, LLC in the amount not to exceed \$41,040 for Fiscal Year 2020/2021.

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

Approved by a unanimous vote

13. Short Range Transit Plan (SRTP) Fiscal Year 2019-2020 – Table 4 Amendment to Include Contingency Funding due to COVID-19

Motion by Mayor Pro Tem Lara
Second by Council Member Carroll

To approve a Short Range Transit Plan Amendment to Fiscal Year 2019-2020 Table 4.

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

Approved by a unanimous vote

14. Approve an Agreement for Software System by Independent Contractor to GoTime Control, Inc. for an Online Automated Control System for Sports Field Lights

Motion by Council Member Carroll
Second by Mayor Pro Tem Lara

To approve an agreement for software system by independent contractor to GoTime Control, Inc. for an online automated control system for sports field lights; and Authorize the City Manager to execute the agreement on behalf of the City of Beaumont.

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

Approved by a unanimous vote

15. Authorize Merchant Agreement with Open Edge for Credit Card Processing Services

Motion by Council Member White

Second by Mayor Pro Tem Lara

To authorize the City Manager to execute a merchant agreement with Open Edge for credit card processing services.

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

Approved by a unanimous vote

16. Approve Purchase Agreement with Emphasys Computer Solutions for the Purchase of Sympro Treasury Management Software with a Total Contract Amount of \$66,536

Motion by Council Member Martinez

Second by Mayor Santos

To approve the Agreement for Professional Services with Emphasys Computer Solutions for the purchase of Sympro Treasury Management Software, including a three-year license agreement, at a cost of \$66,536.

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

Approved by a unanimous vote

17. Provide Direction to City Staff Regarding the Development of a Retail Recruitment Strategy

Motion by Council Member White

Second by Council Member Carroll

To authorize the development of a retail recruitment strategy and direct City staff to issue a Request for Proposals to conduct a psychographic analysis.

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

Approved by a unanimous vote

18. SB 743 Vehicle Miles Traveled (VMT) Thresholds for California Environmental Quality Act (CEQA) Compliance Related to Transportation Analysis

Motion by Council Member Martinez

Second by Mayor Pro Tem Lara

To waive the full reading and adopt by title only, “A Resolution of the City Council of the City of Beaumont Adopting ‘Vehicle Miles Traveled’ Thresholds of Significance for Purposes of Analyzing Transportation Impact Under the California Environmental Quality Act.”

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

Approved by a unanimous vote

19. Award Change Order 16 for the WWTP Expansion and Renovation Project for the Pump Station at the EQ Basin in an Amount Not to Exceed \$667,487.82

Motion by Council Member White

Second by Mayor Pro Tem Lara

To approve Change Order 16 for the WWTP Expansion and Renovation Project in a not to exceed amount of \$667,487.82.

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

Approved by a unanimous vote

20. Review of Local Emergency Declaration Established via the Adoption of City of Beaumont Resolution No. 2020-07 Adopted on March 17, 2020

Motion by Council Member White

Second by Mayor Santos

To recommend that there be no change regarding the local emergency declaration. This is due to the fact that there have been no significant changes in the original conditions, a State emergency declaration remains in effect and local emergency declaration helps to ensure that Beaumont remains eligible for federal and state emergency aid.

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

Approved by a unanimous vote

21. Procedures and Timing for Conducting Public Meetings in the Beaumont Council Chambers
Direction to staff to open to the public in July with some modifications to the guidelines.

22. Report by the COVID-19 Recovery Ad Hoc Committee on the “Beaumont – Back to Business Program”

23. Approval of City Attorney Invoices for the Month of May 2020

City Attorney John Pinkney recused himself on this item.

Motion by Council Member White

Second by Mayor Santos

To approve invoices in the amount of \$98,144.20.

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

Approved by a unanimous vote

LEGISLATIVE UPDATES AND DISCUSSION

24. Townsend Legislative Update

COUNCIL REPORTS

- Carroll - Shared that RTA donated a bus to the Boys and Girls Club.
- Lara - Expressed concerns regarding illegal firework activity.
- Martinez - Participated in a League of Ca Cities meeting and gave a report out, Participated in an RCA meeting, participated in the Finance and Audit committee.
- Santos - Congratulated the graduating class and thanked Beaumont PD.
- White - no report

ECONOMIC DEVELOPMENT UPDATE

No report.

CITY TREASURER REPORT

Finance and Audit Committee Report Out

CITY CLERK REPORT

Gave a status report of public records requests.

CITY ATTORNEY REPORT

Spoke regarding a Rosenbergs Rules of Order training.

CITY MANAGER REPORT

Chief Thuilliez gave a report of calls for service in 2019 and shared that PD policies can be found on the City and PD websites. Announced an Equal Opportunity Committee within the department as well as a Chief's Advisory Board. Announced the planning for a community forum.

FUTURE AGENDA ITEMS

None.

ADJOURNMENT at 10:52 p.m.



Staff Report

TO: City Council
FROM: Kyle Warsinski, Economic Development Manager
DATE: July 7, 2020
SUBJECT: **Amendment No. 1 to the Professional Services Agreement with Townsend Public Affairs**

Background and Analysis:

On April 17, 2018, the City of Beaumont entered into a 39-month agreement with Townsend Public Affairs covering the remainder of Fiscal Year 2017-18 and the next three fiscal years ending June 30, 2021. The total cost of these services is \$4,000 per month totaling \$156,000 over the term of the contract.

Townsend Public Affairs provides the City professional lobbyist services at both the State and National level, provides weekly legislative updates, identifies current and future grant opportunities, and aids City staff on applying for grants.

Due to the budget constraints for Fiscal Year 2020-21, the City chose to appropriate the funds related to this contract to other priority budget items. Staff has reached out to Townsend Public Affairs to explain the need to terminate the contract for these services.

Townsend Public Affairs was understanding of the City's situation and offered an amendment to the professional services agreement (Attachment A) in order to continue working with the City through Fiscal Year 2020-21. Key elements of the amendment are as follows:

- The monthly fee is changed to \$0 per month for the period of July 1, 2020 through June 30, 2021;
- The scope of services will solely include State and Federal Lobbyist Services and will be amended to exclude Grant Writing and Funding Advocacy Services; and
- All other terms and conditions of the Agreement, except as set forth herein, shall remain in full force and effect.

Fiscal Impact:

The proposed amendment will result in a cost savings of \$48,000 for Fiscal Year 2020-21.

Recommended Action:

Approve Amendment No. 1 to the Professional Services Agreement with Townsend Public Affairs for state and federal lobbyist services.

Attachments:

- A. Amendment No. 1 to the Professional Services Agreement with Townsend Public Affairs.

**AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT (#1)**

THIS AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT (“Amendment”) is made and entered into this _____ day of July 2020 by and between the City of Beaumont (“Client”) and Townsend Public Affairs, Inc., a California corporation (“Consultant”).

RECITALS

- A. Client and Consultant have entered into that certain Professional Services Agreement dated as of April 17, 2018 (“Agreement”).
- B. The parties to this Amendment desire to change the fee and Scope of Services of the Agreement as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto supplement and amend the Agreement as hereinafter set forth.


- 1. The fee is changed to \$0 per month for the period of July 1, 2020 through June 30, 2021.
- 2. The Scope of Services shall be amended to exclude Grant Writing and Funding Advocacy Services. The Scope of Services will solely include State and Federal Lobbyist Services.
- 3. All other terms and conditions of the Agreement, except as set forth herein, shall remain in full force and effect.

WHEREFORE, this Amendment is executed by the parties as of the date set forth above.

CLIENT: CITY OF BEAUMONT

By: _____
Todd Parton
City Manager

CONSULTANT: TOWNSEND PUBLIC AFFAIRS, INC.
a California corporation

By:  _____
Christopher Townsend
President and Secretary



Staff Report

TO: City Council

FROM: Christina Taylor, Community Development Director

DATE: July 7, 2020

SUBJECT: Consideration of a Request for a One-Year Extension of Time for Tentative Parcel Map 34990 (South Side of Oak Valley Parkway, East of Interstate 10)

Background and Analysis:

The Tentative Parcel Map 34990 was approved by City Council on June 5, 2007, for a two-year period. Additionally, City Council approved a one-year extension until June 5, 2010.



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

SB 1185 – Automatic 1-year extension until June 5, 2011,
 AB 333 – Automatic 2-year extension until June 5, 2013,
 AB 208 – Automatic 2-year extension until June 5, 2015, and
 AB 116 – Automatic 2-year extension until June 5, 2017.

The City Council subsequently approved two additional one-year extensions for the map resulting in an expiration of June 5, 2020.

The Subdivision Map Act (66463.5(c)) allows the subdivider to apply for time extensions to City Council for up to six (6) additional one (1) year extensions. The applicant is currently requesting their fifth one-year extension. If approved, the map will expire on June 5, 2021, with one additional extension possible.

The subdivision map is a “financing and conveyance map,” meaning that it cannot lead directly to development nor does it require any physical improvements. A plot plan application will be required for site development. The function of this map is to permit the simplified conveyance of portions of the parcel to individual users, or to separate project elements for financing. There are no unusual or changed circumstances which affect this map or the consideration of a time extension.

A public hearing for the proposed extension of time was held by the City’s Planning Commission on June 9, 2020, and the Commission forwarded a recommendation of approval to the City Council.

Fiscal Impact:

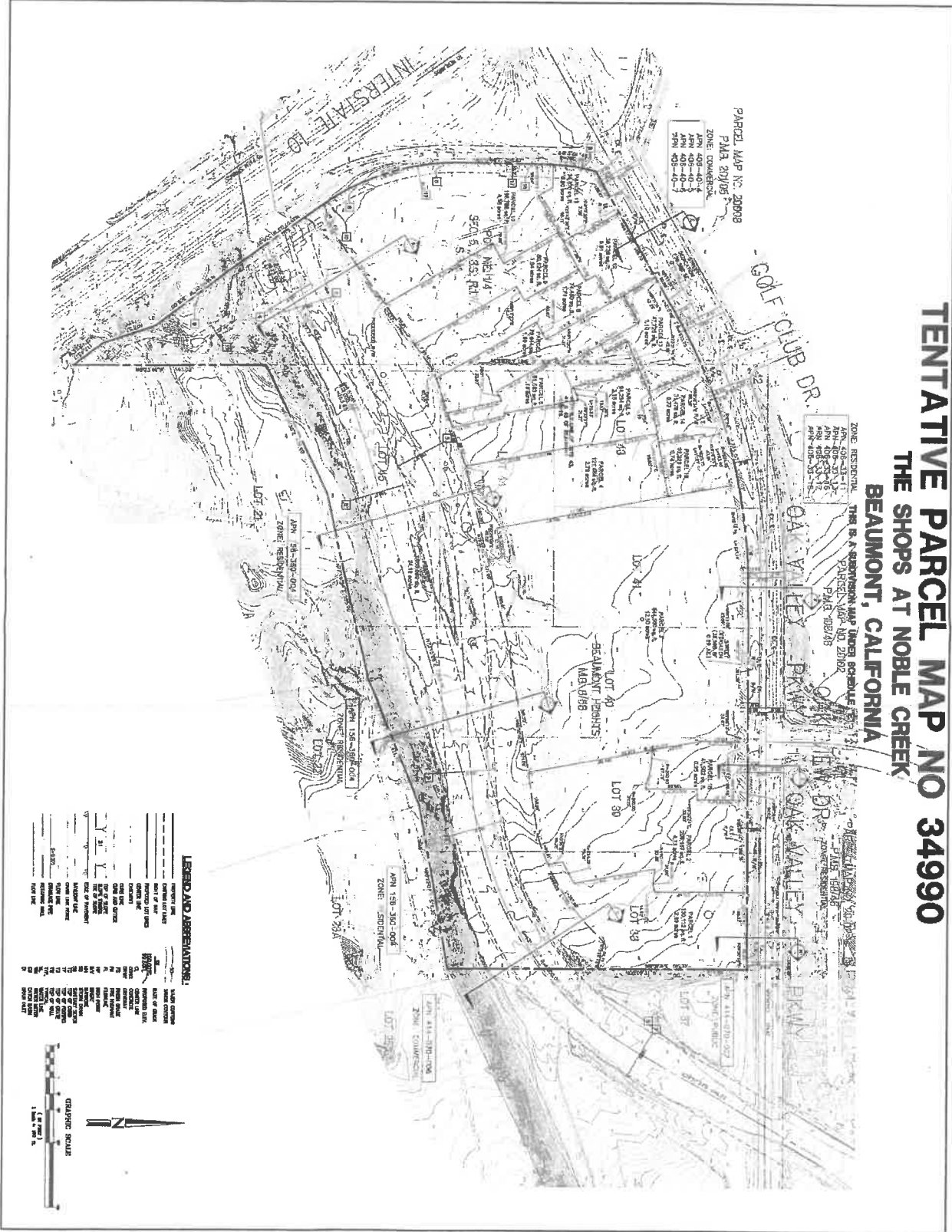
None.

Recommended Action:

Approve a one-year extension of time for Tentative Parcel Map 34990.

Attachments:

A. Tentative Parcel Map 34990



PROJECT: THE SHOPS AT NOBLE CREEK OAKVALLEY PARKWAY & HIGHWAY 10 BEAUMONT, CALIFORNIA TENTATIVE PARCEL MAP NO. 34990	SHEET NO. 2 OF 2 SHEETS		PREPARED BY: DRC Engineering, Inc. CIVIL ENGINEERS AND SURVEYORS OF PROPERTY RONALD W. KLEPKO R.C.C. 46216 DATE
			DATE:



Staff Report

TO: City Council
FROM: Christina Taylor, Community Development Director
DATE: July 7, 2020
SUBJECT: Adoption of a Resolution Authorizing Participation in the County of Riverside's Urban County Program for Fiscal Years 2021-22, 2022-23 and 2023-24

Background and Analysis:

The County of Riverside requires each city to periodically reaffirm its election to participate in the County's Urban County Program. This adoption of resolution and execution of the agreement allows the City continued participation in the County of Riverside Community Development Block Grant (CDBG) and HOME Investment Partnership Act (HOME) Urban County programs for Fiscal Years 2021-22, 2022-23 and 2023-24. These funds are currently used to support City projects such as sidewalk rehabilitation and park renovations. Participation in this program also allows the City the opportunity to seek funding for other types of grant funding offered through the HOME and Emergency Support Grant (ESG) programs.

Fiscal Impact:

Grant funding in varying amounts per fiscal year.

Recommended Action:

Waive the full reading and adopt by title only, "A Resolution of the City Council of the City of Beaumont Authorizing Participation in the County of Riverside's Urban County Program for Fiscal Years 2021-22, 2022-23 and 2023-24."

Attachments:

- A. Resolution
- B. Agreement

RESOLUTION 2020-21

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BEAUMONT
AUTHORIZING PARTICIPATION IN THE COUNTY OF RIVERSIDE’S
URBAN COUNTY PROGRAM FOR FISCAL YEARS
2021-22, 2022-2023, AND 2023-2024**

WHEREAS, the City of BEAUMONT has elected to participate as unit of local government (Cooperating City) in the County of Riverside’s Urban County Program for Federal Fiscal Years 2021-22, 2022-23, and 2023-24; and

WHEREAS, the Cooperation Agreement will allow the County and City to carry-out activities which are funded by Community Development Block Grant (CDBG), Home Investment Partnership Program (HOME) funds, and Emergency Solutions Grant (ESG); and

WHEREAS, the Cooperation Agreement will allow the Cooperating City to participate in the Urban County Consolidated Planning Programs.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF BEAUMONT, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION1: The Cooperation Agreement between the County of Riverside and the City of BEAUMONT is hereby approved; and

SECTION 2: The City Council hereby authorizes and directs the Mayor to execute the Cooperation Agreement on behalf of the City of Beaumont.

PASSED, APPROVED, AND ADOPTED this 7th day of July, 2020, by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Rey Santos, Mayor

ATTEST:

Deputy City Clerk

**COOPERATION AGREEMENT
FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT,
HOME INVESTMENT PARTNERSHIP PROGRAM, AND EMERGENCY SOLUTIONS
GRANT FOR FISCAL YEARS 2021-22, 2012-23, 2023-24**

This Cooperation Agreement for the Community Development Block Grant, HOME Investment Partnership Program, and the Emergency Solutions Grant for Fiscal Years 2021-22, 2022-23, and 2023-24, hereinafter referred to as "Agreement," is made and entered into this _____ day of _____, 2020, by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California, hereinafter referred to as "COUNTY", and CITY of **CITY of BEAUMONT**, an incorporated municipality within the geographical boundaries of the COUNTY, hereinafter referred to as "CITY," who together are sometimes referred to herein individually as "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the Housing and Community Development Act of 1974, as amended (Public Law 93-383), hereinafter called "ACT," provides that Community Development Block Grant, funds hereinafter referred to as "CDBG," may be used for the support of activities that provide decent housing, suitable living environments, and expanded economic opportunities principally for persons of low and moderate-income; and

WHEREAS, the HOME Investment Partnerships Act program, hereinafter referred to as "HOME," was enacted as Title II of the National Affordable Housing Act of 1990, for the purposes of: expanding the supply of decent, affordable housing for low and very-low income families with emphasis on rental housing; building State and local capacity to carry out affordable housing programs; and providing for coordinated assistance to participants in the development of affordable low-income housing; and

WHEREAS, the Emergency Solutions Grant, hereinafter referred to as "ESG," was authorized by the McKinney-Vento Homeless Assistance Act of 1987 and the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009. The objectives of the ESG program are to increase the number and quality of emergency shelters and transitional

1 housing facilities for homeless individuals and families, to operate these facilities and provide
2 essential social services, and to help prevent homelessness.

3 **WHEREAS**, CDBG regulations requires an eligible county to re-qualify as Urban County
4 under the CDBG program every three (3) years; and

5 **NOW THEREFORE**, in consideration of the mutual covenants herein set forth
6 and the mutual benefits to be derived there from, the Parties agree as follows:

7 1. GENERAL.

8 (a). This Agreement gives COUNTY authority to undertake, or assist in
9 undertaking, activities for Fiscal Years 2021-22, 2022-23, and 2023-24, that will be funded from
10 the CDBG, HOME, and ESG programs and from any program income generated from the
11 expenditure of such funds. COUNTY and CITY agree to cooperate, to undertake, or to assist in
12 undertaking, community renewal and lower-income housing assistance activities. COUNTY is
13 qualified as an "Urban County" under the ACT. CITY, by executing this Agreement, hereby gives
14 notice of its election to participate in an Urban County’s Community Development Block Grant
15 (CDBG), Home Investment Partnership Act (HOME), and Emergency Solutions Grant (ESG)
16 programs, hereinafter referred to as "Urban County Programs".

17 (b). By executing this Agreement, CITY understands that it may not apply for
18 grants from appropriations under the Small Cities or State CDBG Programs for fiscal years during
19 the period in which it participates in the Urban County’s CDBG program and that CITY may only
20 participate in the HOME program through the COUNTY’S Urban County Programs, not a HOME
21 consortium. The CITY may also apply for HOME funds from the State of California, if permitted
22 by the State.

23 (c). By executing this Agreement, CITY understands that it may only receive a
24 formula allocation of ESG funds through the COUNTY’S Urban County Programs. The CITY
25 may also apply for ESG funds from the State of California, if permitted by the State.

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1 2. TERM.

2 The term of this Agreement shall be for three (3) years commencing on July 1,
3 2021, through June 30, 2024, unless an earlier date of termination is fixed by U.S. Department of
4 Housing and Urban Development, hereinafter referred to as HUD, pursuant to ACT.

5 COUNTY shall notify CITY of CITY’s right not to participate in the next three-year period
6 no later than the date specified by HUD in the *Urban County Qualification Notice*. CITY shall
7 notify COUNTY no later than the date specified in COUNTY’s notification that CITY elects not
8 to participate in the next three-year Urban County Program. COUNTY shall send copies of all
9 notifications required by this Paragraph to the HUD Field Office.

10 The terms of this Agreement shall remain in effect until the CDBG, HOME, and
11 ESG funds and program income received with respect to activities carried out during the three-
12 year qualification period are expended and the funded activities completed. Furthermore, neither
13 the COUNTY nor the CITY may terminate or withdraw from this Agreement while it remains in
14 effect.

15 3. PREPARATION OF FEDERALLY REQUIRED FUNDING
16 APPLICATIONS.

17 The Riverside County Department of Housing, Homelessness Prevention, and
18 Workforce Solutions, subject to approval of COUNTY’s Board of Supervisors, shall be
19 responsible for preparing and submitting to HUD, in a timely manner, all reports and statements
20 required by the ACT and the Federal regulations promulgated by HUD to secure entitlement grant
21 funding under the CDBG, HOME, and ESG programs. This duty shall include the preparation and
22 processing of COUNTY Housing, Community, and Economic Development Needs Identification
23 Report, Citizen Participation Plan, the County Five-Year Consolidated Plan, One-Year Action
24 Plan, Consolidated Annual Performance and Evaluation Report (CAPER), and other related
25 programs which satisfy the application requirements of ACT and its regulations.

26 4. COMPLIANCE WITH FEDERAL STATUTES, REGULATIONS AND
27 OTHER APPLICABLE STATUTES, REGULATIONS AND ORDINANCES.

1 (a) COUNTY and CITY will comply with the applicable provisions of the ACT
2 and those Federal regulations promulgated by HUD pursuant thereto, as the same currently exists
3 or may hereafter be amended.

4 (b) The COUNTY and CITY **are hereby obligated** to take all actions necessary
5 to assure compliance with COUNTY’s certification regarding affirmatively furthering fair housing
6 pursuant to Section 104 (b) of Title I of ACT, as amended.

7 (c) The COUNTY and CITY are hereby obligated to take all actions necessary
8 to assure compliance with Section 504 of the Rehabilitation Act of 1973 and the Age
9 Discrimination Act of 1975.

10 (d) COUNTY and CITY shall comply with the applicable provisions of the
11 following: National Environmental Policy Act of 1969; Title VI of the Civil Rights Act of 1964
12 and Title VIII of the Civil Rights Act of 1968; the Fair Housing Act; Title 24 Code of Federal
13 Regulations part 570; Cranston-Gonzales National Affordable housing Act (Public Law 101-625);
14 Executive Order 11063, as amended by Executive Order 12259; Executive Order 11988; the
15 Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42
16 U.S.C.§4630, et. seq.); and other Federal or state statute or regulation applicable to the use of
17 CDBG, HOME Investment Partnerships Act (enacted as Title II of the National Affordable
18 Housing Act of 1990), and Emergency Solutions Grant funds.

19 (e) CITY agrees that the Urban County Program funding for activities in, or in
20 support of, the CITY are prohibited if CITY does not affirmatively further fair housing within
21 CITY’S jurisdiction or impedes COUNTY actions to comply with its fair housing certification.

22 (f) CITY and COUNTY shall meet the citizen participation requirements of 24
23 CFR 570.301 and provide Riverside County citizens with all of the following:

24 i. The estimate of the amount of CDBG funds proposed to be used for
25 activities that will benefit persons of low and moderate-income;

26 ii. A plan for minimizing displacement of persons as a result of
27 activities assisted with CDBG funds and to assist persons actually displaced as a result of such
28 activities;

1 iii. A plan that provides for and encourages citizen participation, with
2 particular emphasis on participation by persons of low and moderate-incomes, residents of slum
3 and blighted areas, and of areas in which funds are proposed to be used, and provides for
4 participation of residents in low and moderate-income neighborhoods;

5 iv. Reasonable and timely access to local meetings, information, and
6 records relating to the grantee’s proposed use of funds, as required by the regulations of the
7 Secretary, and relating to the actual use of funds under the ACT;

8 v. Provide for public meetings to obtain citizen views and to respond
9 to proposals and questions at all stages of the community development program, including at least
10 the development of needs, the review of proposed activities and review of program performance.
11 Meetings shall be held after adequate notice, at times and locations convenient to potential or
12 actual beneficiaries, and with accommodation for the disabled.

13 (g) CITY shall develop a community development plan, for the period of this
14 Agreement, which identifies community development and housing needs and specifies both short
15 and long-term community development objectives.

16 (h) CITY certifies, to the best of its knowledge and belief, that:

17 i. No Federal appropriated funds have been paid or will be paid, by or
18 on behalf of the CITY, to any person influencing or attempting to influence an officer or employee
19 of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a
20 Member of Congress, in connection with the awarding of any Federal contract, the making of any
21 Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and
22 the extension, continuation, renewal, amendment or modification of any Federal contract, grant,
23 loan or cooperative agreement.

24 ii. If any funds other than Federally-appropriated funds have been paid
25 or will be paid to any person for influencing or attempting to influence an officer or employee of
26 any agency, a Member of Congress, an officer or employee of Congress, or an employee of a
27 Member of Congress, in connection with this Federal contract, grant, loan, or cooperative
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1 agreement, the undersigned shall complete and submit standard Form-LLL, "Disclosure Form to
2 Report Lobbying", in accordance with its instructions.

3 iii. The CITY shall require that the language provided in Section 4(e)(i)
4 and (ii) of this Agreement be included in the award documents for all sub-awards at all tiers
5 (including subcontracts, sub- grants and contracts under grants, loans, and cooperative agreements)
6 and that all sub-recipients shall certify and disclose accordingly. This certification is a material
7 representation of fact upon which reliance was placed when this transaction was made or entered
8 into.

9 (i) CITY certifies that it has adopted and is enforcing a policy prohibiting the
10 use of excessive force by law enforcement agencies within its jurisdiction against any individuals
11 engaged in non-violent civil rights demonstrations, and that it has adopted and is enforcing
12 applicable State and local laws against physically barring entrance to, or exit from, a facility or
13 location which is the subject of such non-violent civil rights demonstrations within its jurisdiction.

14 5. COMPLIANCE WITH POLICY AND PROGRAM OBJECTIVES.

15 The COUNTY’s Board of Supervisors have adopted policies and procedures to
16 ensure efficient and effective administration of the CDBG, HOME, and ESG programs. COUNTY
17 will provide these policies and procedures to CITY within a reasonable time after this Agreement’s
18 commencement date. COUNTY and City agree to comply with these said policies and program
19 objectives and to take no actions to obstruct implementation of the approved 2019-2024 and
20 subsequent Five Year Consolidated Plans.

21 6. OTHER AGREEMENTS.

22 Pursuant to Federal regulations at 24 CFR 570.501(b), CITY is subject to the same
23 requirements applicable to sub-recipients, including the requirement of a written agreement set
24 forth in Federal regulations at 24 CFR 570.503. For each fiscal year during the term of this
25 Agreement, COUNTY and CITY shall enter into an additional agreement, commonly known as a
26 Supplemental Agreement, that will have a term coinciding with a CDBG Program Year and
27 enumerate the project(s) CITY will implement with its entitlement funds. Said Supplemental
28 Agreement will set forth the time schedule for completion of said project(s) and any funding

1 sources, in addition to entitlement funds, that will be used in completing the project(s). If
2 substantial compliance with the completion schedule, due to unforeseen or uncontrollable
3 circumstances, cannot be met by CITY, the schedule for the project(s) may be extended by
4 COUNTY. If COUNTY determines that substantial progress toward drawdown of funds is not
5 made during the term of the Supplemental Agreement, the entitlement funds associated with the
6 project(s) may be reprogrammed by COUNTY, to other activities as determined by COUNTY,
7 after COUNTY provides appropriate written notice to CITY. COUNTY's decision not to extend
8 the completion schedule associated with the project(s), or to reprogram the entitlement funds
9 associated with the project(s), will not excuse CITY from complying with terms of this Agreement.

10 7. DETERMINATION OF PROJECTS TO BE FUNDED AND
11 DISTRIBUTION OF ENTITLEMENT FUNDS.

12 CITY agrees to submit to COUNTY, no later than the date specified by COUNTY
13 prior to each program year, the activities that the CITY desires to implement with its entitlement
14 funds, said designation to comply with statutory and regulatory provisions governing citizen's
15 participation. Said designation is to be reviewed by the COUNTY's Department of Housing,
16 Homelessness Prevention, and Workforce Solutions to determine that the projects are eligible
17 under Federal regulations for funding and inclusion in the One Year Action Plan of the County's
18 Five-Year Consolidated Plan and consistent with both Federal and COUNTY policy governing
19 use of Community Development Block Grant (CDBG) funds.

20 In the event that CITY fails to submit to COUNTY the identified activities that the
21 CITY desires to implement with its entitlement funds by the date specified prior to each program
22 year, the COUNTY may determine the activities to be funded, without consent of the CITY,
23 consistent with both Federal and COUNTY policy governing use of Community Development
24 Block Grant (CDBG) funds.

25 Consistent with Paragraphs 3, 4, 5, 6, and 7 of this Agreement, COUNTY's Board
26 of Supervisors will make the final determination of the distribution and disposition of all CDBG
27 funds received by COUNTY pursuant to the ACT.
28

8. COMMUNITY DEVELOPMENT BLOCK GRANT MANUAL.

CITY warrants that those officers, employees, and agents, retained by it and responsible for implementing projects funded with CDBG have received, reviewed, and will follow the Community Development Block Grant Manual that has been prepared and amended by COUNTY, and by this reference, said Manual is incorporated herein and made a part hereof.

9. REAL PROPERTY ACQUIRED OR PUBLIC FACILITY CONSTRUCTED WITH CDBG FUNDS.

When CDBG funds are used, in whole or in part, by CITY to acquire real property or to construct a public facility, CITY will comply with the National Environmental Policy Act of 1969 (42 U.S.C. §§4321, et seq.), the California Environmental Quality Act (Cal. Pub. Resources Code §§21000, et seq.), the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. §§4630, et seq.), and the California Government Code Sections 7260 et seq., as those Acts may be amended from time-to-time and any Federal or state regulations issued to implement the aforementioned laws.

In addition, the following is to occur:

(a) Title to the real property shall vest in CITY;

(b) The real property title will be held by or the constructed facility will be maintained by the CITY for the approved use until five (5) years after the date that the project is reported as "Completed" within the annual Consolidated Annual Performance and Evaluation Report.

(c) While held by CITY, the real property or the constructed facility is to be used exclusively for the purpose for which acquisition or construction was originally approved by COUNTY;

(d) CITY shall provide timely notice to COUNTY of any action which would result in a modification or change in the use of the real property purchased or improved, in whole or in part, with CDBG or HOME funds from that planned at the time of acquisition or improvement, including disposition.

1 (e) CITY shall provide timely notice to citizens and opportunity to comment
2 on any proposed modification or change;

3 (f) Written approval from COUNTY must be secured if the property or the
4 facility is to be put to an alternate use that is or is not consistent with Federal regulations governing
5 CDBG funds;

6 (g) Should CITY desire during the five (5) year period to use the real property
7 or the constructed facility for a purpose not consistent with applicable Federal regulations
8 governing CDBG funds or to sell the real property or facility, then:

9 (i) If CITY desires to retain title, it will have to reimburse either COUNTY
10 or the Federal government an amount that represents the percentage of current fair market value
11 that is identical to the percentage that CDBG funds initially comprised to when the property was
12 acquired or the facility was constructed;

13 (ii) If CITY sells the property or facility, or is required to sell the property
14 or facility, CITY is to reimburse the COUNTY an amount that represents the percentage of
15 proceeds realized by the sale that is identical to the percentage that CDBG funds comprised of the
16 monies paid to initially acquire the property or construct the facility. This percentage amount will
17 be calculated after deducting all actual and reasonable cost of sale from the sale proceeds.

18 10. DISPOSITION OF INCOME GENERATED BY THE EXPENDITURE
19 OF CDBG FUNDS.

20 CITY shall inform COUNTY of any income generated by the expenditure of
21 CDBG funds received by CITY from COUNTY. CITY may not retain any program income so
22 generated. Any and all program income shall be returned to the County and may only be used for
23 eligible activities in accordance with all CDBG requirements, including all requirements for citizen
24 participation.

25 The COUNTY is required by HUD to monitor and report the receipt and use of all
26 program income. CITY is required to track, monitor, and report any and all program income as
27 requested by COUNTY.
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1 11. TERMINATION.

2 Except as provided for in Paragraph 2, CITY and COUNTY cannot terminate or
3 withdraw from this Agreement while it remains in effect.

4 12. FORMER AGREEMENTS UTILIZING COMMUNITY
5 DEVELOPMENT BLOCK GRANT FUNDS BETWEEN COUNTY AND CITY.

6 All agreements between CITY and COUNTY regarding the use of CDBG funds for
7 fiscal years 1975-76 through 2020-2021, and any Supplemental Agreements thereunder, shall
8 remain in full force and effect. If the language of this Agreement is in conflict or inconsistent with
9 the terms of any prior said agreements between CITY and COUNTY, the language of this
10 Agreement will be controlling.

11 13. INDEMNIFICATION

12 CITY agrees to indemnify, defend and hold harmless COUNTY and its authorized officers,
13 employees, agents, and volunteers from any and all claims, actions, losses, damages, and/or
14 liability arising from CITY acts, errors or omissions and for any costs or expenses incurred by
15 COUNTY on account of any claim therefore, except where such indemnifications is prohibited by
16 law. CITY shall promptly notify COUNTY in writing of the occurrence of any such claims,
17 actions, losses, damages, and/or liability. CITY shall indemnify and hold harmless COUNTY
18 against any liability, claims, losses, demands, and actions incurred by COUNTY as a result of the
19 determination by HUD or its successor that activities undertaken by CITY under the program(s)
20 fail to comply with any laws, regulations, or policies applicable thereto or that any funds billed by
21 and disbursed to CITY under this Agreement were improperly expended.

22 14. COMPLIANCE WITH LAWS AND REGULATIONS.

23 By executing this Agreement, the Parties hereby certify that they will adhere to and
24 comply with all applicable Federal, state, and local laws, regulations, and ordinances.

25 15. ENTIRE AGREEMENT.

26 It is expressly agreed that this Agreement embodies the entire agreement of the
27 Parties in relation to the subject matter hereof, and that no other agreement or understanding,
28 verbal or otherwise, relative to this subject matter, exists between the Parties at the time of

1 execution.

2 16. SEVERABILITY.

3 Each paragraph and provision of this Agreement is severable from each other
4 provision, and if any provision or part thereof is declared invalid, the remaining provisions shall
5 remain in full force and effect.

6 17. ASSIGNMENT.

7 The Parties will not make any sale, assignment, conveyance or lease of any trust
8 or power, or transfer in any other form with respect to this Agreement, without prior written
9 approval of the other Party.

10 18. INTERPRETATION AND GOVERNING LAW.

11 This Agreement and any dispute arising hereunder shall be governed by and
12 interpreted in accordance with the laws of the State of California. This Agreement shall be
13 construed as a whole according to its fair language and common meaning to achieve the objectives
14 and purposes of the Parties hereto, and the rule of construction to the effect that ambiguities are
15 to be resolved against the drafting Party shall not be employed in interpreting this Agreement, all
16 Parties having been represented by counsel in the negotiation and preparation hereof.

17 19. WAIVER.

18 Failure by a Party to insist upon the strict performance of any of the provisions of
19 this Agreement by the other Party, or the failure by a Party to exercise its rights upon the default
20 of the other Party, shall not constitute a waiver of such Party’s right to insist and demand strict
21 compliance by the other Party with the terms of this Agreement thereafter.

22 20. JURISDICTION AND VENUE.

23 Any action at law or in equity arising under this Agreement or brought by a Party
24 hereto for the purpose of enforcing, construing or determining the validity of any provision of this
25 Agreement shall be filed in the Superior Court of California, County of Riverside, State of
26 California, and the Parties hereto waive all provisions of law providing for the filing, removal or
27 change of venue to any other court or jurisdiction.

21. PROHIBITION OF CDBG FUND TRANSFER

The CITY may not sell, trade, or otherwise transfer all or any portion of the CDBG funds to another such cooperating city, metropolitan city, urban county, or Indian tribe, that directly receives CDBG funds in exchange for any other funds, credits, or non-Federal considerations. CITY must use the CDBG funds for activities eligible under Title I of the ACT.

22. EMERGENCY SOLUTIONS GRANT FORMULA ALLOCATION

CITY acknowledges that while participating in the COUNTY’s Urban County program, CITY can only receive a formula Emergency Solutions Grant (ESG) allocation from the Urban County program and only at such times as authorized by the Board of Supervisors. The CITY and COUNTY may also apply for ESG funds from the State of California, if permitted by the State.

23. HOME INVESTMENT PARTNERSHIP ACT FORMULA ALLOCATION

CITY acknowledges that while participating in the COUNTY’s Urban County program, CITY can only receive a formula HOME allocation from the Urban County program and only at such times as authorized by the Board of Supervisors. The CITY and COUNTY may also apply for HOME funds from the State of California, if permitted by the State.

24. AMENDMENTS

No change, amendment, or modification to the Agreement shall be valid or binding upon CITY or COUNTY unless such change, amendment, or modification is in writing and duly executed. CITY and COUNTY agree to adopt any necessary amendments to this Agreement to incorporate changes required by HUD as set forth in the Urban County Qualification Notice. Amendments must be submitted to HUD as provided in the Urban County Qualification Notice and failure to do so will void the automatic renewal for such qualification period.

24. AUTHORITY TO EXECUTE.

The persons executing this Agreement or exhibits attached hereto on behalf of the Parties to this Agreement hereby warrant and represent that they have the authority to execute this Agreement and warrant and represent that they have the authority to bind the respective

1 Parties to this Agreement to the performance of its obligations hereunder.

2 25. INCORPORATION OF RECITALS

3 The Parties hereby affirm the facts set forth in the recitals above. Said recitals are
4 incorporated herein and made an operative part of this Agreement.

5 **IN WITNESS WHEREOF**, the COUNTY and CITY have executed this
6 Agreement on the date shown below.

7

8 Date: _____

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10 COUNTY OF RIVERSIDE,
11 a political subdivision of the
12 State of California

CITY OF BEAUMONT,
a general law city

12

13 BY: _____
14 Heidi Marshall, Director
15 Housing, Homelessness Prevention
16 & Workforce Solutions

BY: _____
Mayor

17 APPROVED AS TO FORM:

ATTEST:

18 Gregory P. Priamos, County Counsel

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BY: _____

21 By: _____
22 Amrit Dhillon, Deputy County Counsel

City Clerk

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APPROVED AS TO FORM:

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BY: _____

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City Attorney

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COUNTY COUNSEL CERTIFICATION

The Office of County Counsel hereby certifies that the terms and provisions of this Agreement are fully-authorized under state and local law and that the Agreement provides full legal authority for the COUNTY to undertake, or assist in undertaking, essential community development and housing assistance activities specifically urban renewal and publicly assisted housing.

Gregory P. Priamos
County Counsel

By: _____
Deputy, Amrit Dhillon



Staff Report

TO: City Council
FROM: Jeff Mohlenkamp, Finance Director
DATE: July 7, 2020
SUBJECT: Adoption of Electronic Funds Transfer (EFT) Policy

Background and Analysis:

Staff has prepared a policy to address electronic funds transfers (EFT). This policy was reviewed by the Finance and Audit Committee on June 8, 2020. The Committee suggested a few minor modifications and recommended the policy be brought before the City Council for consideration as amended. This policy provides processes required to initiate an electronic payment to a third party. It also provides direction regarding any modifications to existing payment arrangements. This policy, included as Attachment B, was created to provide the necessary internal controls to ensure EFT payments are completed only after they are authorized and that any changes to payment instructions are completed only after a full review.

This policy has been prepared by staff in response to an audit finding by the City's external auditors. The single audit report which includes the audit finding is attached as Attachment A. The pertinent portion of the report is included below:

Finding 2019-003 Unauthorized Wire Transfers

During the year, the City was subject to a fraudulent payment scheme by a fictitious vendor posing as an authorized vendor of the City. The perpetrator submitted a request for payment change with new routing and bank account information along with a voided check in the amount of \$525,038. This was all done on what appeared to be the real vendor's company letterhead. These invoices were processed through the normal cash disbursements cycles and wire payments were made. The bank account and routing number in the vendor master file were updated by the Accounting Technician without a second level of review in order to make the payment. Before the wire transfers were processed and cleared, the bank notified the City and the City was able to recover \$485,417.

Criminals today are using a variety of techniques, such as phishing e-mails and malware, to take control of business accounts to initiate payments to an accomplice or a foreign account. According to the 2015 survey of the Association for Financial Professionals, 2015 AFP Payments Fraud and Control Survey: Report of Survey Results, 2015. Bethesda, MD, 27 percent of respondent organizations were affected by wire transfer fraud (a nearly 100 percent increase from the 2014 survey), and 10 percent were affected by automated clearing house (ACH) credit fraud (fraud involving an ACH payment order initiated by the person sending the payment).

Status of Corrective Action:

The City has developed a policy regarding electronic funds transfer (EFT) that clearly requires approval of the senior accountant prior to any change in vendor payment instructions. Further, staff are required to complete a secondary verification with the vendor via a phone call to a known and established contact prior to executing any change in payment instructions. Pursuant to the new policy, if fraud is suspected, the Finance Director and City Manager are to be immediately notified and steps initiated with the bank to mitigate the fraud. This policy was effective beginning December 2019.

The City has been operating under a draft policy for several months to address the concerns raised in the audit finding. This policy is now being presented to the City Council for adoption following a review by the Finance and Audit Committee and the incorporation of suggested modifications.

Fiscal Impact:

There is no fiscal impact from this item.

Recommended Action:

It is recommended the City Council review the EFT Policy and either direct changes or adopt the policy.

Attachments:

- A. Single Audit Report for FY 2019
- B. EFT Policy
- C. Vendor Authorization Form (EFT transactions)

City of Beaumont

Beaumont, California

Single Audit and Independent Auditors' Reports

For the Year Ended June 30, 2019



**City of Beaumont
Single Audit Reports
For the Year Ended June 30, 2019**

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

Independent Auditors' Report

To the Honorable Mayor and Members of the City Council
of the City of Beaumont
Beaumont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beaumont, California (the "City"), as of and for the year ended June 30, 2019, and the related notes to the basic financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated February 13, 2020.

Internal Control Over Financial Reporting

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002 and 2019-003 to be significant deficiencies.

To the Honorable Mayor and Members of City Council
of the City of Beaumont
Beaumont, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Responses to Findings

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

Purpose of this Report

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

The PwC Group, LLP

Santa Ana, California
February 13, 2020

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE,
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Independent Auditors' Report

To the Honorable Mayor and Members of City Council
of the City of Beaumont
Beaumont, California

Report on Compliance for Each Major Federal Program

We have audited the City of Beaumont, California's (the "City") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

To the Honorable Mayor and Members of City Council
of the City of Beaumont
Beaumont, California
Page 2

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

To the Honorable Mayor and Members of City Council
of the City of Beaumont
Beaumont, California
Page 3

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2019, and have issued our report thereon dated February 13, 2020 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinion on the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The PwC Group, LLP

Santa Ana, California
February 13, 2020

City of Beaumont
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Passed through Grantor Program Title	CFDA Number	Grant Award Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Community Development Block Grant - Entitlement Cluster:			
<i>Passed through Riverside County Economic Development Agency:</i>			
Community Development Block Grant	14.218	B-17-UC-06-0506	\$ 2,925
Community Development Block Grant	14.218	5.BEA.36-18	676
Total Community Development Block Grant - Entitlement Cluster			3,601
Total U.S. Department of Housing and Urban Development			3,601
U.S. Department of Transportation:			
Highway Planning and Construction Cluster:			
<i>Passed Through State of California Department of Transportation:</i>			
Potrero Interchange Project	20.205	DEM10L-5209(008)	4,947,592
Total Highway Planning and Construction Cluster			4,947,592
Total U.S. Department of Transportation			4,947,592
Total Expenditures of Federal Awards			\$ 4,951,193

See accompanying Notes to the Schedule of Expenditures of Federal Awards

City of Beaumont
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Note 1 – Reporting Entity

The financial reporting entity consists of the primary government, City of Beaumont (the “City”), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Note 2 – Basis of Accounting

The various grant programs have been recorded within the general fund and special revenue funds of the City. The City utilizes the modified accrual method of accounting for the general fund and special revenue funds. The accompanying Schedule of Expenditures of Federal Awards (“Schedule”) is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the City’s basic financial statements.

Note 3 – Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California and Riverside County are included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position, change in fund balance, or results of operations of the City.

Note 4 – Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect rate as allowed under the Uniform Guidance.

City of Beaumont
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I – Summary of Auditors’ Result

Financial Statements

Types of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? 2019-001, 2019-002,
2019-003

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in
 Accordance with 2 CFR 200.516(a)? None reported

Identification of major programs:

Major Program	Federal CFDA #	Federal Expenditures
Highway Planning and Construction Cluster	20.205	\$ 4,947,592
Total major program expenditures		\$ 4,947,592
Total expenditures of federal awards		\$ 4,951,193
Percent of total federal award expenditures		99.93%

Dollar threshold used to distinguish between type A and type B program: \$750,000

Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520? No

City of Beaumont
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section II – Financial Statement Findings

A. Current Year Findings and Questioned Costs – Financial Statement Findings

Finding 2019-001 Segregation of Duties for Business Licenses Process

Condition:

During our audit, lack of segregation of duties was noted in the City's Business Licenses process. The permit technician, who accepts payments for business licenses, has the ability to issue and distribute business licenses. There is no independent reconciliation of the business licenses issued from the HdL system with the amounts collected and posted in the Incode cash receipts system.

Criteria:

The same individual should not have access to the payments from customers and the ability to issue business licenses unless an appropriate mitigating control has been implemented.

Cause:

The City does not perform an independent reconciliation for business licenses between the HdL system and the Incode cash receipts system due to system reporting limitations within Incode that were not evident prior to purchasing the system.

Effect:

Business licenses could be issued without a corresponding cash receipt being recorded in the City's general ledger and ultimately deposited into the City's bank account.

Recommendation:

We recommend the City implement a procedure to generate reports from the HdL business license program, periodically (i.e. daily, weekly, monthly), and have someone independent of the business license issuance and collection functions review and reconcile the amounts from these reports to the revenues posted in the City's general ledger. In addition, the permit and fees process should be integrated into the accounting software to limit the number of manual entries posted to the general ledger system.

Management's Response:

Reports of transactional activity will be generated from the HdL business license system that details business license collection activity. An Accounting Technician in the Finance Division will compare these reports to the deposits submitted to the Finance Department and entered into the City's general ledger. This reconciliation will be completed weekly. Any discrepancies will be brought to the attention of the Administrative Services Manager for resolution. These processes will be effective beginning February 2020.

City of Beaumont
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section II – Financial Statement Findings (Continued)

A. Current Year Findings and Questioned Costs – Financial Statement Findings (Continued)

Finding 2019-002 Overhead Cost Allocation

Condition:

The City allocates certain General Fund costs (administration, maintenance, etc.) to the Sewer Enterprise, Gas Tax, Transit Enterprise, and the Community Facilities District (CFD) Fund. The amounts are based on calculations included in schedules maintained by the Finance Department. Currently, the City is not allocating and recovering any of its indirect costs to federal (or state) grants. While the City completed a cost allocation study in April 2016 and has implemented the cost allocation of administrative costs to the various funds within the City, the City has not had a formal Cost Allocation Plan performed for charging of its costs to federally funded projects.

Criteria:

Cost allocation plan methodologies should be thoroughly documented for transparency purposes, and updates to the plans should be done periodically in accordance with best practices.

Cause:

The City does have a formal cost allocation plan to allocate internal costs, and the plan developed internally is not sufficient to claim indirect costs against federal (and state) grant programs.

Effect:

The City could potentially be utilizing allocation methods which result in either less administrative costs or excessive administrative costs being allocated than would be allowable if detailed cost allocation studies were performed on a periodic basis, and in accordance with federal grant requirements. Costs that could be reimbursable from other than local sources may be able to be claimed if adequately supported.

For federal awards, the City may elect to use the 10 percent of Modified Total Direct Cost (MTDC) de minimis indirect rate to recover indirect costs as part of your federal grant budgets. If the City elects to use the 10 percent de minimis rate, the Uniform Guidance requires that the City use Modified Total Direct Costs as the cost base. MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award).

Recommendation:

We recommend the City perform a full cost allocation study of administrative costs to ensure the detailed methodology for the allocation of administrative costs is reasonable and appropriate, based on the current circumstances, and that the methodology is clearly defined and documented. A plan should be prepared in accordance with the Uniform Guidance in the event the City wishes to allocate and claim the indirect costs against federal (and state) grant programs. Due to the complexity involved in developing a well-supported and reasonable indirect cost plan, the City should evaluate the cost of outsourcing this study as opposed to the use of internal staff time.

City of Beaumont
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section II – Financial Statement Findings (Continued)

A. Current Year Findings and Questioned Costs – Financial Statement Findings (Continued)

Finding 2019-002 Overhead Cost Allocation (Continued)

Management’s Response:

While the City completed a cost allocation study in April 2016 and has implemented the cost allocation of administrative costs to the various funds within the City, further work is necessary to fully comply with this recommendation. The City has not yet completed the cost allocation for indirect costs to federal and state grant programs. Management intends to re-evaluate its cost allocation strategy and hire an external professional to assist the City in completing the cost allocation process. This will be undertaken during FY 2020 and should be fully implemented by December 2020.

Finding 2019-003 Unauthorized Wire Transfers

Condition:

During the year, the City was subject to a fraudulent payment scheme by a fictitious vendor posing as an authorized vendor of the City. The perpetrator submitted a request for payment change with new routing and bank account information along with a voided check in the amount of \$525,038. This was all done on what appeared to be the real vendor’s company letterhead. These invoices were processed through the normal cash disbursements cycles and wire payments were made. The bank account and routing number in the vendor master file were updated by the Accounting Technician without a second level of review in order to make the payment. Before the wire transfers were processed and cleared, the bank notified the City and the City was able to recover \$485,417.

Criminals today are using a variety of techniques, such as phishing e-mails and malware, to take control of business accounts to initiate payments to an accomplice or a foreign account. According to the 2015 survey of the Association for Financial Professionals, *2015 AFP Payments Fraud and Control Survey: Report of Survey Results, 2015. Bethesda, MD*, 27 percent of respondent organizations were affected by wire transfer fraud (a nearly 100 percent increase from the 2014 survey), and 10 percent were affected by automated clearing house (ACH) credit fraud (fraud involving an ACH payment order initiated by the person sending the payment).

Criteria:

An effective internal control system includes having appropriate segregation of duties in place within the cash disbursement transaction cycle. Maintenance of the Vendor Master File (VMF) is a foundational element of the accounts payable and procurement processes. The VMF contains vital information about the City’s vendors and facilitates their engagement in transactions with the City for the procurement of goods and services. It is essential to effectively maintain VMF file in order to avoid unauthorized or inappropriate activity, duplicate payments, and inefficiencies.

Cause:

There was a breakdown in internal controls over the modifications made to the vendor master file. The same person that can make payments was also able to alter the vendor file without a second level of review. This exposes the City due to the lack of segregation of duties.

City of Beaumont
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section II – Financial Statement Findings (Continued)

A. Current Year Findings and Questioned Costs – Financial Statement Findings (Continued)

Finding 2019-003 Unauthorized Wire Transfers (Continued)

Effect:

The City was exposed to a significant loss due to the lack of controls in place. However, mitigating controls were in place at the bank in their notification process to avoid any ultimate loss to the City. The detective controls in essence functioned. However, preventive controls are more effective and should be in place in order to identify and prevent fraud from occurring.

Recommendation:

The City should develop an authorization process that includes a review and approval of any modification should include system controls (access control) to the vendor master file within the system separate from the person making the change. This added segregation of duty should be included in the system of internal controls (across controls) to help to prevent unauthorized changes from being made and reduce the risk of fraud within the organization. Often in larger organizations, the vendor master file is established and managed by procurement separate from the accounts payable function.

Management's Response:

The City has developed a policy regarding electronic funds transfer (EFT) that clearly requires approval of the senior accountant prior to any change in vendor payment instructions. Further, staff are required to complete a secondary verification with the vendor via a phone call to a known and established contact prior to executing any change in payment instructions. Pursuant to the new policy, if fraud is suspected, the Finance Director and City Manager are to be immediately notified and steps initiated with the bank to mitigate the fraud.

City of Beaumont
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section II – Financial Statement Findings (Continued)

B. Prior Year Findings and Questioned Costs – Financial Statement Findings

Finding 2018-001 Policies and Procedures

Condition:

Our audit involved obtaining and evaluating various policies and procedures of the City. During the audit period, the City lacked having formal policies, procedures and guidelines in place for certain areas, including the following:

- Accounting Policies and Procedures
- Debt Management Policy

The City has been working towards establishing a comprehensive policy which was adopted after our audit period. During our audit the City had informal policies in these areas. We reiterate that the City could benefit from a more formal and comprehensive policies and procedures manual, approved by the City Council, which would provide detailed guidance to employees and management. This will help to ensure consistency in these areas, and continuity in periods of staff turnover.

Recommendation:

We recommend the City develop and establish formal policies and procedures as discussed above. The policies and procedures should be developed by appropriate personnel and approved by the City Council. The City should consider GFOA's recommended practices and other resources during the process. The documentation of accounting policies and procedures should be evaluated annually and updated periodically, as necessary. It should be readily accessible to all applicable employees.

A debt policy should be formally adopted by the legislative body, and the debt program should be continuously monitored to ensure compliance with the debt policy. We recommend the City consider establishing a formal debt policy, taking into consideration the recommendations of GFOA.

Status:

Finding was implemented during the year ended June 30, 2019.

City of Beaumont
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section II – Financial Statement Findings (Continued)

B. Prior Year Findings and Questioned Costs – Financial Statement Findings (Continued)

Finding 2018-002 Establish a Comprehensive Fraud Program and Policy

Condition:

The City currently lacks a formal comprehensive fraud program required to help prevent, detect and identify fraud and in order to appropriately safeguard assets. According to management, training has been provided with respect to the “tone at the top” to the City employees, however when interviewing employees during our audit they were unaware of a fraud policy. The City has taken steps to address the risk of fraud in certain areas, such as segregation of duties and other internal controls, but continued to lack the policies and a formalized process and program to institutionalize a comprehensive fraud program is needed.

The City’s current policies do not provide a thorough description of fraud. They also do not provide direction as to what employees should do if they suspect fraud is occurring.

Recommendation:

The risk of fraud can be reduced through a combination of prevention, deterrence, and detection measures. The City should consider developing a formal fraud policies and institute a formal comprehensive fraud program.

The City should consider establishing a more formal training program for all employees regarding fraud. New employees should be trained at the time of hiring about the entity’s code of conduct (and fraud policies). This training should explicitly cover expectations of all employees regarding (1) their duty to communicate certain matters; (2) a list of the types of matters, including actual or suspected fraud, to be communicated along with specific examples; and (3) information on how to communicate those matters. In addition to the training at the time of hiring, employees should receive refresher training periodically thereafter.

The policy needs to provide information to employees on how to communicate fraud related matters. It is important for the City to establish and communicate to employees a reporting system that is appropriate for the City. The City should consider establishing a confidential reporting mechanism, not only for employees, but also for vendors and customers of the City.

The City should also establish a formal fraud risk assessment program, to ensure that the risk of fraud is being periodically evaluated, monitored, and that appropriate action is taken to address the identified risks.

Status:

Finding was implemented during the year ended June 30, 2019.

City of Beaumont
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section II – Financial Statement Findings (Continued)

B. Prior Year Findings and Questioned Costs – Financial Statement Findings (Continued)

Finding 2018-003 Segregation of Duties for Cash Receipts – City Hall

Condition:

Currently, Customer Service Coordinators (cashiers) at City Hall can edit and void transactions in Incode (the City's cash receipts system) subsequent to the receipt being issued. The same cashier should not be able to edit or void a transaction after a receipt has been issued unless an appropriate audit trail and approval process is created by individuals outside of the cash collection process.

Recommendation:

Though the City had implemented a secondary sign off and online viewing of the voids and adjusting entries during the audit period ending June 30, 2017, we recommend the City further expand these procedures to include developing a daily edit report or monitoring function review of the report and reconcile it to the cash drawer before closing out the cash drawers. This should be signed off by a supervisor or personnel not involved in the cash collection process. Amounts in excess of a large dollar threshold should be considered for sign off at a higher supervisory level.

Status:

Finding was implemented during the year ended June 30, 2019.

Finding 2018-004 Segregation of Duties for Building Permits

Condition:

The permit technician in the Community Development Department issues building permits and plan checks and collects the payments from customers. There is no reconciliation of the building permits and plan checks issued with the amounts collected and receipted in the City's general ledger.

Recommendation:

We recommend the City implement a procedure to generate reports from the Salesforce permit system, periodically (i.e. daily, weekly, monthly), and have someone independent of the permit issuance and collection functions review and reconcile the amounts from these reports to the revenue posted in the City's general ledger. In addition, the permit and fees process should be integrated into the accounting software to limit the number of manual entries posted to the general ledger system.

Status:

Finding was implemented during the year ended June 30, 2019.

City of Beaumont
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section II – Financial Statement Findings (Continued)

B. Prior Year Findings and Questioned Costs – Financial Statement Findings (Continued)

Finding 2018-005 Segregation of Duties for Business Licenses

Condition:

The permit technician accepts payments for business licenses and has the ability to issue and distribute business licenses. There is no independent reconciliation of the business licenses issued from the HdL system with the amounts collected and posted in the Incode cash receipts system.

Recommendation:

We recommend the City implement a procedure to generate reports from the HdL business license program, periodically (i.e. daily, weekly, monthly), and have someone independent of the business license issuance and collection functions review and reconcile the amounts from these reports to the revenues posted in the City's general ledger. In addition, the permit and fees process should be integrated into the accounting software to limit the number of manual entries posted to the general ledger system.

Status:

Finding has not been resolved. See repeat finding at 2019-001.

Finding 2018-006 Transient Occupancy Tax (TOT)

Condition:

Although Finance staff are maintaining a spreadsheet for tracking TOT payments each fiscal year, there does not appear to be anyone checking the TOT returns for accuracy, or keeping track of delinquencies. It also does not appear that the City is requiring the hotels to submit supporting documentation for exemptions. In addition, there have been no recent audits of the hotels.

Recommendation:

We recommend the City establish stronger controls and oversight for these revenues and possibly schedule "audits" of the hotels.

Status:

Finding was implemented during the year ended June 30, 2019.

City of Beaumont
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section II – Financial Statement Findings (Continued)

B. Prior Year Findings and Questioned Costs – Financial Statement Findings (Continued)

Finding 2018-007 Overhead Cost Allocation

Condition:

The City allocates certain General Fund costs (administration, maintenance, etc.) to the Sewer Enterprise, Gas Tax, Transit Enterprise, and the Community Facilities District (CFD) Fund. The amounts are based on calculations included in schedules maintained by the Finance Department. Currently the City is not allocating and recovering any of its indirect costs to federal (or state) grants.

Recommendation:

We recommend the City perform a full cost allocation study of administrative costs to ensure the detailed methodology for the allocation of administrative costs is reasonable and appropriate, based on the current circumstances, and that the methodology is clearly defined and documented. A plan should be prepared in accordance with the Uniform Guidance in the event the City wishes to allocate and claim the indirect costs against federal (and state) grant programs. Due to the complexity involved in developing a well-supported and reasonable indirect cost plan, the City should evaluate the cost of outsourcing this study as opposed to the use of internal staff time.

Status:

Finding has not been resolved. See repeat finding at 2019-002.

City of Beaumont
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section III – Federal Awards Finding and Questioned Costs

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit

No current year findings and questioned costs noted.

B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit

No prior year findings and questioned costs noted.

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ELECTRONIC FUNDS TRANSFER (EFT)

PROCEDURE MANUAL

Draft Effective Date: 01/20/2020

Formal Adoption:

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INTRODUCTION

The City of Beaumont processes Electronic Funds Transfers (EFTs) as a safe and efficient method to receive electronic deposits from customers and to provide payments to vendors and employees. Two commonly used EFT methods are:

- Automated Clearing House (ACH): This is an electronic payment delivery system that processes electronic credit and debit transactions, including direct deposits, within the United States using the American Bankers Association (ABA) number. The ABA number is also known as the “check routing number” or “routing transit number” and should be used as the first identifying number for ACH transactions. The bank account number and name assigned to the account are also required before an ACH transaction can be created and the exchange of funds processed between two parties.

- Fedwire: The most costly EFT to process and uses a Real Time Gross Settlement Funds Transfer system operated by the Federal Reserve Banks. There are two Fedwire options: (1) domestic wires and (2) international wires. Each option has a different settlement time and each requires unique banking information that is dependent upon where the settlement of funds is to occur.

The procedures outlined herein are designed for all departments, employees, and vendors who receive and make electronic payments on behalf of the city. The following areas are responsible for transacting EFTs:

- Finance Department
- Administrative Services Department

All EFT’s processed by the City occur using the systems listed below.

- Citibank ACH: Originations used to initiate vendor, and employee ACH payments. The Tyler system will generate an electronic file and a EFT check register report that will be used to complete the ACH transmission form. The ACH transmission form will be completed by Finance Department and sent to the Administrative Services Department to generate a standard ACH transmission file. The electronic generate banking file from Tyler system is electronically transmitted to the City’s banking institution, authorizing the debit and credit of funds between banks.

- Citibank Wire Transfer: The primary method used to initiate wire transfers. The on-line systems should only be used by employees with proper system credentials. The security administrators in the Finance Department shall ensure that adequate separation of duties exist in accordance with internal control standards and that the integrity of system user profiles is protected. Steps are also taken to limit the number of users who have access to create or approve wire transfers and

their authorized wire amounts. In addition, Citibank controls require two separate users to complete a wire. One individual initiates and a separate individual must approve.

The Finance Department and Administrative Services Department staff who initiate or complete EFT transactions are responsible for ensuring the financial internal controls are maintained, the activity is posted timely, and operational procedures are in place to reduce the risk of loss of City funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by City employees. The Finance department will monitor bank balances daily for unusual or unexpected transactions, reconcile bank activity to the general ledger in a timely manner, and investigate and resolve reconciling items.

Incoming EFTs:

ACH/WIRE TRANSFERS RECEIVED

Departments requesting to receive payment by ACH or wire transfer must have the customer send their company's ACH/EFT payment request form to the Finance Department.

The Finance Department will complete the form, requiring all EFT payments to be posted directly to the operating account, and will obtain the proper authorization from the Director of Finance. After the form is completed, the Accounting Tech staff member will forward the information back to the customer so the customer can initiate the EFT with their banking institution. The completed form will not be returned to the department requesting the information and departmental staff has no authority to complete the document on behalf of the City.

OUTGOING EFTS:

ACH PAYMENTS TO VENDORS (DOMESTIC)

A domestic vendor may receive an ACH payment by completing a *Vendor ACH/Direct Deposit Authorization Form* and by submitting a copy of a voided check. Each department will be responsible for sending out the *Vendor ACH/Direct Deposit Authorization Form* to the vendor and to then forward onto the Finance Department. The Finance Department will review the ABA number, bank account number, and name as shown on the supporting documentation. If all information on the form and the supporting documentation is correct the data is then recorded in the Vendor Profile in Tyler Systems under Payment Terms by Accounts Payable. The banking information set up in Tyler Systems is then reviewed by the Senior Accountant for account accuracy. The supporting documentation is then filed and stored on the finance share drive. Any subsequent

requests to change vendor banking information will be confirmed directly via phone with the vendor completing a new *Vendor ACH/Direct Deposit Authorization Form* by each department and then forwarded onto the Finance Department.

ACH overpayments require notification to Citibank within five days of the payment to ensure funds are returned. A Citibank *ACH/Reversal/Deletion Request* form will be completed by Finance Department or Administrative Services Director. The form is then sent to the Finance Department for approval and faxed to Citibank's ACH services section to reverse the overpayment. The Finance Department verifies the reversal occurs and the funds are deposited into the operating account the following business day.

Certain vendors have been given authority, with maximum withdrawal limitations, to initiate ACH payments (i.e. the Internal Revenue Service for payroll taxes). The establishment, approval and exception review of these payments occur through the Citibank system. The Finance Department monitors daily to ensure the banking activity has been posted into the City's Financials system and validated.

Accounts payable processes all vendor payments according to the pay cycle schedule and generates a check/ACH register. All ACH direct deposit payments have file detail and total amounts submitted to the bank for processing and the Finance Department verifies that the totals submitted to the bank have been received and posted by the bank for processing.

FEDWIRE PAYMENTS TO VENDORS (DOMESTIC OR INTERNATIONAL)

In cases where immediate payment is needed, a vendor may be paid by domestic or international wire.

I. Domestic wires. If a domestic vendor requests payment via a Fedwire, the following steps are required for the EFT to occur:

a) The department requesting the vendor payment will forward an invoice from the vendor containing the vendor's wire information, or an authorized letter. This information is forwarded to Accounts payable for review and to ensure the vendor is established in the Tyler vendor system.

b) The Transfer Request form, back-up wire information, invoice or other supporting documents will be forwarded to those authorized in Finance Department to initiate wires. The bank and invoice information must be verified

and if there is an inconsistency with the information provided, the wire initiator will contact the initiating department to obtain additional or corrected information. If all information agrees with the documentation, the wire will be requested in Citibank by the Administrative Services Director.

c) The form and all documentation will be forwarded to an appropriate staff member for secondary approval. The pending wire information is reviewed online against the back-up documentation. If there is an error, the wire will be rejected online and the wire initiator will make any necessary corrections to the data. If all information is correct, the wire will be approved. The payment approval confirmation will be attached to the documentation for future reference. The form and all documentation will be forwarded to a Senior Accountant for entry into the Tyler System.

II. Establishing a wire template. The City may establish a wire template for wires that will be completed on a regular basis for items such as investments or regularly scheduled payments.

a) The wire template is established by the wire initiator and approved by an appropriate staff member using banking information provided on signed company letterhead or an invoice.

EMPLOYEE DIRECT DEPOSITS

Direct Deposit is an encouraged condition of employment at the City. If for some reason an employee cannot or does not want to participate in direct deposit, they must request in writing to the Human Resources Department to be exempt from participating in direct deposit. Approval to NOT participate in direct deposit must be granted by the Human Services Department.

Checking and savings accounts are generally the only types of accounts that can be used for direct deposit. Although the City policy states that funds cannot be sent to a money market account, the system has allowed money market accounts when the account sequence is similar to that of a checking or savings account.

Employees should take the following steps to establish direct deposit when first hired:

1) Submit a *Direct Deposit Authorization* form to the Human Resources Department.

2) This form must contain account documentation in order to assure proper setup. Account documentation may include a “VOIDED” check (for checking accounts) or a bank notification stating the bank’s transit and routing number in addition to the employee’s account number (for saving accounts). Using this form, employees have the option to have their paycheck sent to 1, 2 or 3 bank accounts.

3) Account documentation is reviewed to assure the information does not appear altered or manipulated in any way. If evidence of such is present, the employee will be contacted to verify the information. In addition, if a void check which does not contain the employee’s name is submitted, the employee will be contacted to verify the information. The outcome of these communications will be documented on the direct deposit form. Suspicious or fraudulent situations should be routed to the attention of Humans Resources Department.

Direct deposit information can be edited through Paychex. The same restrictions on bank account types apply, but there is no limit on the number of accounts to which direct deposit can be distributed when updating directly into Paychex.

After the input has been completed and saved in Paychex, the Human Resources Department processor will initial and date the *Direct Deposit Authorization Form*. The initialed form is given to the payroll coordinator for review to ensure the saved name, routing, and bank account numbers all agree with the “VOIDED” check or a bank notification stating the bank’s transit and routing number in addition to the employee’s account number.

More detailed instructions and screen prints are maintained in Human Resources for review.

WHEN FRAUD IS IDENTIFIED

Banking Fraud can occur in various forms. When Fraud is discovered in the EFT procedure, the Fraud must be reported to the Director of Finance immediately (in absence of the Finance Director, the Senior Accountant must be notified). The Finance Director must notify the City Manager and Finance Committee Department Chair of the possible fraud as soon as possible after it is detected. Steps will be taken with Citibank to mitigate the fraud.

BANKING DEFINITIONS

Automated Clearing House (ACH). An electronic payment delivery system which allows payment or collection of funds electronically through a financial

network occurring within the United States. ACH processes large volumes of credit and debit transactions in batches.

American Bankers Association (ABA) Number. The ABA number is the nine (9) digit bank code assigned to financial institutions by the American Bankers Association (ABA) to identify the financial institution upon which a payment is drawn and submitted to within the United States. The ABA number is also known as the “check routing number” or “routing transit number. The ABA number may differ depending on where an account is opened and the type of transaction that is being processed (checks, domestic wires or ACH’s).

Bank Account. A financial account recording the financial transactions between the customer and their bank and the resulting financial position of the customer with the bank and that is primarily used for processing checks, domestic wires and EFT ACHs.

Direct Deposit. An electronic method of payment in which money is transferred to the payee’s account without the use of checks, processed through the ACH payment system.

Fedwire. (A.k.a. Wire Transfer-Domestic or International). The Real Time Gross Settlement Funds Transfer system operated by the Federal Reserve Banks that enables financial institutions to electronically transfer funds to each other. Messages are transferred requesting debits and credits to correspondent accounts (in addition to other types of accounts). Actual settlements occur through Fedwire, CHIPS, correspondent accounts or other means. Domestic wires settle the same day and International wires can take up to two days to settle if foreign currency exchange is involved. The system is reliable and secure and is more costly compared to transactions involving checks or ACH.

POLICY AND PROCEDURE MANAGEMENT

The Finance Department may modify these directives and procedures from time to time as required, provided that all modifications are consistent with California statutes, federal laws and banking rules and regulations.

This policy will be reviewed annually for changes or updates.



Vendor ACH/Direct Deposit Authorization Form
City of Beaumont

Item 6.

1. Please Check One:

NEW Direct Deposit CHANGE Direct Deposit CANCEL Direct Deposit

2. Vendor/Payee Information

Name:
Address:
Contact Person's Name (if other than payee):
Telephone Number:
Email Address:

3. Financial Institution Information

Bank Name:
Bank Address:
Name on Bank Account:
Bank Account Number:
Nine-Digit Bank Routing/Transit Number (ABA):
Type of Account: Checking Savings

4. Approvals/Authorizations - I certify that the information provided on this form is correct, and I hereby authorize City of Beaumont of Accounts Payable to electronically deposit payments to the bank account designated above.

Print Name: Signature: Date:

Important Information

Please return completed form and a copy of a voided check via email: finance@beaumontca.gov

Table with 2 columns: For Office of Accounts Payable Use Only, Date Stamp - Received



Staff Report

TO: City Council

FROM: Christina Taylor, Community Development Director

DATE: July 7, 2020

SUBJECT: Hold a Public Hearing and Consider Proposed Addition of Chapter 8.55 Regulation of Shopping Carts to the Beaumont Municipal Code

Background and Analysis:

Many retail establishments provide shopping carts for the convenience of customers, however, shopping carts removed from businesses and left abandoned on public or private property throughout the City constitute a public nuisance and a potential hazard to the health and safety of the public, cause blight in the community, results in the obstruction of free access to public and private sidewalks, streets, parking lots and other ways, interferes with pedestrian and vehicular traffic on public and private streets, and impedes emergency services. In order to minimize the impact of this nuisance, City staff collects and stores abandoned shopping carts while attempting to make contact with the businesses to arrange for carts to be picked up. This has proven to be a strain on City staff time and resources.

On February 4, 2020, citing the issues stated above, City staff requested direction from City Council regarding preparing a shopping cart ordinance. Council directed staff to proceed with preparing an ordinance. After researching how other Inland Empire cities have addressed shopping cart issues, City staff prepared the proposed ordinance.

The ordinance contains the following sections:

- 8.55.010 Declaration of public nuisance**
- 8.55.020 Definitions**
- 8.55.030 Cart containment and retrieval plan**
- 8.55.040 Plan submission and approval**
- 8.55.050 Penalties for failing to submit or implement a plan**
- 8.55.060 Appeals**
- 8.55.070 Unlawful acts by persons**
- 8.55.080 Enforcement**
- 8.55.090 Shopping cart abatement**

8.55.100 Procedures for abatement

8.55.110 Fee

Each section serves a purpose in addressing the City's needs while providing a clear path for business operators to obtain and maintain compliance. The crux of the ordinance revolves around Chapter 8.55.030 Cart Containment and Retrieval Plan. The containment plan establishes requirements for cart identification, prevention measures and mandatory cart retrieval. The ordinance also provides the opportunity for businesses located within the same center to collaborate on a plan.

A plan will be reviewed administratively by City staff and either approved or denied within 30 calendar days. The ordinance provides for modification of a plan if site circumstances change and requires an annual review and recertification of a plan. Chapter 8.55.040 (B) calls for existing retail establishments to submit a plan for review within 60 days of adoption of this ordinance. City staff will be reaching out to individual businesses that fit the criteria and will work with them to establish compliance.

In the event a business is non-compliant, the ordinance provides procedures for obtaining compliance. Chapters 8.55.080 – 8.55.100 establish guidelines and options for addressing shopping carts found outside of a center boundary. The ordinance provides options for notification and removal of carts that allows some flexibility for both the City and the owner depending on the nature of the nuisance.

There is also a cost recovery component for review and approval of a shopping cart containment plan and for the abatement of cart nuisances. The ordinance establishes the use of the administrative citation process in Chapter 1.17 or Chapter 8.32 of the Beaumont Municipal Code. The fee for review and approval of a cart containment plan is being studied and will be presented at City Council for approval prior to implementation. By law, a fee cannot exceed the cost of City staff time necessary to complete the work.

This item was presented at Planning Commission on June 9, 2020. The Commission forwarded a recommendation of approval of the ordinance to City Council after discussion of the following:

- Laundry Carts: should laundry carts be included? We don't see an issue with laundry carts abandoned throughout the City and small businesses may be burdened with having to prepare a plan and label the carts.
- 8.55.040 Plan submission and approval (B) Existing Retail Establishments: The ordinance requires existing businesses provide a cart retrieval plan for review within 60 days of the adoption of this ordinance. City staff has a letter prepared to reach out to businesses and will work with existing businesses to identify cart

containment methods currently in practice that are working and develop a path to implement additional methods where needed.

- 8.55.040 Plan submission and approval (D) Plan Modification: Any addition of carts to a business should be reported to the Planning Department immediately instead of waiting for the cart plan renewal. City staff has inserted language in the ordinance requiring an addition of more than ten carts be reported to the Planning Department within ten days.
- 8.55.100 Procedures for abatement (g) Disposal of carts: The ordinance provides for method of disposal of carts at the City's discretion. Commission suggested recycling should be the first option for cart disposal. City staff has inserted language to this effect.

Fiscal Impact:

Cost of City staff time to research and prepare the proposed ordinance is approximately \$1,000. Adoption of this ordinance will provide for cost recovery of service performed.

Recommended Action:

Hold a public hearing, and
Waive the first full reading and approve by title only, the addition of "Chapter 8.55 Regulation of Shopping Carts" to the Beaumont Municipal Code.

Attachments:

- A. Draft Ordinance Chapter 8.55 Regulation of Shopping Carts

ORDINANCE NO.

**AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF BEAUMONT, CALIFORNIA
ADDING CHAPTER 8.55 “REGULATION OF SHOPPING CARTS”
TO THE BEAUMONT MUNICIPAL CODE**

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BEAUMONT DOES
ORDAIN AS FOLLOWS:**

SECTION 1. CEQA. The City Council finds that the actions contemplated by this Ordinance are exempt from the California Environmental Quality Act (“CEQA”) pursuant to Section 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 CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

SECTION 2. Severability. The City Council hereby declares that if any provision, section, paragraph, sentence, or word of this Ordinance is rendered or declared to be invalid or unconstitutional by any final court action in a court of competent jurisdiction, or by reason of any preemptive legislation, such invalidity shall not affect the other provisions, sections, paragraphs, sentences or words of this Ordinance, and to this end the provisions of this Ordinance are severable. The City Council declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance enforced.

SECTION 3. Violation of Prior Ordinances. Neither the adoption of this Ordinance nor the repeal of any other ordinance of this City shall in any manner affect the prosecution of any violation of any City ordinance or provision of the City of Beaumont Municipal Code, committed prior to the effective date hereof, nor be construed as a waiver of any penalty or the penal provisions applicable to any violation thereof.

SECTION 4. The City Council hereby amends Title 17, to add Chapter 8.55, entitled “Regulation of Shopping Carts” to the Beaumont Municipal Code, to read as specifically set forth in Exhibit “A”, which Exhibit is attached hereto and made a part hereof.

Chapter 8.55
REGULATION OF SHOPPING CARTS

Sections:

- 8.55.010 Declaration of Public Nuisance.
- 8.55.020 Definitions.
- 8.55.030 Cart Containment and Retrieval Plan.
- 8.55.040 Plan Submission and Approval.
- 8.55.050 Penalties for Failing to Submit or Implement a Plan.
- 8.55.060 Appeals.

- 8.55.070 Unlawful Acts by Persons.
- 8.55.080 Enforcement.
- 8.55.090 Shopping Cart Abatement.
- 8.55.100 Procedures for Abatement.
- 8.55.110 Fee.

8.55.010- Declaration of public nuisance.

Many retail establishments provide shopping carts for the convenience of customers while shopping on the premises of such businesses. However, shopping carts removed from the premises of such businesses and left abandoned on public or private property throughout the City constitute a public nuisance and a potential hazard to the health and safety of the public. The proliferation of removed and abandoned shopping carts on public and private property causes blight in the community, results in the obstruction of free access to public and private sidewalks, streets, parking lots and other ways, interferes with pedestrian and vehicular traffic on public and private streets, and impedes emergency services. For these reasons, such removed or abandoned shopping carts are hereby declared to be a public nuisance which shall be subject to abatement in the manner set forth in this division or in any other manner provided by law. The purpose of this division is to set forth regulations to ensure that reasonable measures are taken by the owners and operators of retail establishments to either prevent the removal of shopping carts from the premises, or provide for the prompt retrieval of removed or abandoned shopping carts, to complement and supplement provisions of state law, and to adopt local regulations to the extent not otherwise preempted by state statute.

8.55.020 Definitions.

Except as otherwise expressly set forth herein, the following words and terms as used in this Chapter shall have the following meanings:

- A. *Abandoned* means a shopping cart which is left unattended or discarded upon any public or private property other than the premises of the retail establishment from which the shopping cart was removed, regardless of whether such shopping cart was removed from the premises with or without the permission of the owner. For purposes of this Chapter, any shopping cart left unattended or discarded on any public property shall be presumed abandoned, and any shopping cart left unattended or discarded on any private property shall be presumed abandoned unless the owner or occupant of the private property is: (i) the owner, or an employee or authorized agent of the owner, entitled to possession of

said shopping cart, (ii) an officer, employee or agent of a cart retrieval service hired by the owner to retrieve shopping carts, or (iii) is enforcement personnel retrieving, storing or disposing of a cart pursuant to the provisions of this Chapter.

- B. *City* means the City of Beaumont, California.
- C. *Community development director* means the Community Development Director of the City.
- D. *Customer* means any person who enters the premises of a retail establishment.
- E. *Enforcement personnel* means any police officer or code enforcement officer employed by the City, or otherwise designated by the City Manager.
- F. *Owner* means any owner, manager, or operator of any retail establishment.
- G. *Parking area* means a parking lot or other property provided by a retail establishment for the use of customers of the retail establishment for parking of customer vehicles. The parking area of a retail establishment located in a multi-store complex or shopping center shall include the entire parking area used by the multi-store complex or shopping center.
- H. *Parkway* means that area between the sidewalks and the curb of any street, and where there is no sidewalk, that area between the edge of the roadway and the adjacent property line. Parkway shall also include any area within a roadway which is not open to vehicular travel.
- I. *Planning commission* means the planning commission of the City.
- J. *Premises* means any building, property or other area upon which any retail establishment is conducted or operated in the City, including the parking area provided for customers of such retail establishment.
- K. *Public property* means and includes, but is not limited to, all that area dedicated to public use for public street purposes, civic purposes, roadways, parks, parkways, alleys, sidewalks, flood control channels and any other public right-of-way.
- L. *Removed* means a shopping cart which is removed from the premises of a retail establishment by any person without the written permission or consent of the owner of the shopping cart.
- M. *Retail establishment* means any business located in the City which offers or provides shopping carts for the use of the customers of such business regardless of whether such business is advertised or operated as a retail or wholesale business, and regardless of

whether such business is open to the general public, or is a private club or business, or is a membership store.

- N. *Shopping cart* or *cart* means a basket or platform which is mounted on wheels or a similar device generally used in a retail establishment by a customer for the purpose of transporting goods of any kind. The term 'shopping cart' or 'cart' includes a laundry cart.

8.55.030 - Cart containment and retrieval plan.

Except as otherwise provided in this Chapter, every owner who provides shopping carts to customers for use on the premises of any retail establishment shall develop, implement and comply with the provisions of a written plan approved by the City to prevent customers from removing shopping carts from the premises of such business and to provide for the retrieval of removed or abandoned shopping carts which have been removed from the premises of the retail establishment (the "plan"), and shall demonstrate compliance with all other purposes and provisions of this Chapter. The plan, at a minimum, shall include the following elements:

- A. *Owner information.* The name of the owner; the physical address where the retail establishment is conducted; and the name, address, and telephone number(s) of the owner and all on-site managers, including any changes of such persons.
- B. *Cart inventory.* The number of carts to be used or located on the premises.
- C. *Signs affixed to carts.* Every shopping cart made available for use by customers shall have a sign permanently affixed to it that identifies the owner of the cart; notifies the public that the unauthorized removal of the cart from the premises of the retail establishment, or the unauthorized possession of the cart, is a violation of state and local law, and lists a valid telephone number and address for returning the cart removed from the premises to the owner.
- D. *Notice to customers.* Written notice shall be provided to customers, that removal of shopping carts from the premises is prohibited by state law. The plan shall identify the specific measures to be implemented to comply with this notice requirement. In addition, signs shall be placed and maintained on the premises near all customer entrances and exits throughout the premises, including the cart storage areas, warning customers that removal of shopping carts from the premises is prohibited by state law.
- E. *Prevention measures.* A description of the specific measures that the business owner will implement to prevent removal of any cart from the business premises. Such measures

may include, but are not limited to, electronic or other disabling devices on any cart so they cannot be removed from the business premises; management practices; use of courtesy clerks to accompany customers and return carts to the inside of the business premises; use of security personnel to prevent removal; security deposits for cart usage; and other proven measures acceptable to the City that are likely to prevent removal of carts from the business premises.

- F. *New development requirements.* New developments and businesses of over 5,000 square feet in area or having more than ten carts shall be required to install a wheel lock containment system, or similar system, to the satisfaction of the Community Development Director prior to the issuance of a certificate of occupancy for the facility.
- G. *Mandatory cart retrieval operations.* The procedure by which the business owner or qualified cart retrieval service will search, find and return carts removed from the business premises. The cart retrieval operation must demonstrate that carts will be actively located within one mile of the business premises and respond to complaints from the public or notifications from City enforcement personnel in a manner which results in the retrieval of carts within 24 hours of receiving the notification. If a business owner contracts with a cart retrieval service, the retrieval service must be a City licensed and approved service and shall not place limits on daily loads or days per week to retrieve carts within the City. The owner shall provide written authorization to all retrieval personnel, which authorization shall be carried by each such person while performing cart retrieval services on behalf of the owner and shall be provided to any enforcement personnel upon request. Each vehicle used by retrieval personnel shall bear conspicuous signs on the vehicle identifying either the name of the retail establishment for which such retrieval service is being performed or, if applicable, the name of the cart retrieval service with which the retail establishment has contracted for such services.
- H. *Employee training.* The owner of the retail establishment shall implement and maintain a periodic training program for its new and existing employees designed to educate such employees concerning the requirements of the plan and the provisions of state and local law prohibiting the unauthorized removal of shopping carts from the premises of the retail establishment. The plan shall expressly describe the employee training program.

- I. *Daily cart confinement.* All shopping carts located on the premises of the retail establishment (other than an establishment open for business 24 hours per day) shall be collected at the end of each business day by employees of the retail establishment and shall be collectively confined in a secure manner in the cart confinement area, as designated in the approved plan, until the commencement of the next business day. All shopping carts located on the premises of any retail establishment open for business 24 hours per day, other than carts then currently in use by a customer or patron, shall be collected by employees of the retail establishment and returned to the cart confinement area, as designated in approved plan, at least once per calendar day between the hours of 9:00 p.m. and midnight on each day the retail establishment is open for business. The provisions of this subsection shall not apply to any shopping carts located within an enclosed building.
- J. *Collaboration with other businesses.* Two or more retail establishments located within the same shopping or retail center or sharing a common parking area may collaborate and submit a single plan.
- K. *Additional information.* Any other information deemed appropriate by the Community Development Director to ensure compliance with this Chapter and specified within the plan application.
- L. *Exemptions.* The requirements of this Chapter shall not apply to any retail establishment which provides a total of less than ten (10) shopping carts for use by customers of such business.

8.55.040 - Plan submission and approval.

- A. *New or relocated retail establishments.* Unless otherwise expressly exempt hereunder, each new retail establishment, and any existing retail establishment relocating to a different location with the City, shall submit a proposed plan complying with the requirements of this Chapter to the Community Development Director, and obtain approval thereof by the City, prior to the issuance of a business license or certificate of occupancy, whichever occurs first. Each proposed plan shall be accompanied by a processing and inspection fee in an amount as set by resolution of the City Council. No proposed plan shall be accepted for filing and processing by the Community Development Director unless accompanied by the fee established by the City Council.

- B. *Existing retail establishments.* Unless otherwise expressly exempt hereunder, each existing retail establishment shall submit a proposed plan complying with the requirements of this Chapter to the Community Development Director within 60 calendar days following the date of adoption of this ordinance. Each proposed plan shall be accompanied by a processing and inspection fee in an amount as set by resolution of the City Council. No proposed plan shall be accepted for filing and processing by the Community Development Director unless accompanied by the fee as established by the City Council.
- C. *Plan review and approval.*
- (1) Upon the filing of any proposed plan pursuant to this Chapter and receipt of the required processing fee, the Community Development Director shall review the proposed plan and either approve, revise or deny the proposed plan within 30 calendar days following the receipt thereof by the Community Development Director.
 - (2) If approved, the plan shall be implemented no later than 30 days from the date of notification to the owner of the approval. An inspection by enforcement personnel shall be made of the premises to confirm compliance at the conclusion of the 30-day period.
 - (3) The decision of the Community Development Director shall be made in writing and notice thereof shall be transmitted to the owner of the retail establishment. If the proposed plan is denied, the notice of decision given to the owner shall state the grounds upon which the proposed plan was denied. The owner may appeal a decision of the Community Development Director in the time and manner provided in Chapter 1.16.
 - (4) The Community Development Director may deny a plan based upon any of the following grounds:
 - a. Implementation of the plan would violate provisions of the building, zoning, health, safety, fire, police or other municipal codes, or any county, state, or federal law that substantially affects public health, welfare or safety;
 - b. The plan fails to include all the information required by this Chapter;
 - c. The plan is insufficient or inadequate to deter removal of carts from the owner's premises;
 - d. The plan fails to address any special or unique conditions, due to the geographical location of the premises, as they relate to cart retention and prevention efforts;

- e. Implementation of the plan would violate a term or condition of another City policy or requirement of this Code;
 - f. The owner has knowingly made a false statement of fact, or omits a fact required to be revealed in an application for a plan, or in any addendum or report or other information required to be provided regarding the plan.
- (5) If the plan is rejected as incomplete or inadequate, the Community Development Director shall indicate the areas of incompleteness or inadequacy, and the owner shall have an additional 15 days in which to resubmit a corrected plan.
- D. *Plan modification.* At any time, subsequent to the Community Development Director's approval of a plan, the owner may request a modification of a previously approved plan to address a change in circumstances, an unanticipated physical or economic impact of the plan, or a need to modify an ineffective plan. Each proposed amendment shall be accompanied by a processing fee in an amount as set by resolution of the City Council. No proposed amendment shall be accepted for filing and processing by the Community Development Director unless accompanied by the processing fee as established by the City Council. Any addition of carts to a business shall be reported to the Planning Department within 10 days.
- E. *Annual renewal.* Every owner that is subject to this Chapter shall annually update the plan on file with the community development department, on or before the annual renewal of the retail establishments' business license. The update shall include any changes, additions or modifications to the plan; or a declaration that the information contained in the plan is still accurate and in full force and effect. Notwithstanding the forgoing, retail establishments that have installed a physical containment system, (such as wheel locks or similar electronic devices), that has been found to effectively deter the removal of carts from the premises and subsequently being abandoned on public and private property, will be subject to renewal of the plan once every three years.

8.55.050 - Penalties for failing to submit or implement a plan.

Any owner that fails to submit a plan, implement the proposed plan measures, or implement any required modifications to the plan by the City within the time frames specified in this division shall be subject enforcement proceedings and penalties pursuant to Chapter 1.16 of this Code.

8.55.060 - Appeals.

Any owner aggrieved by any adverse decision of the Community Development Director pursuant to this division may appeal such decision pursuant to Chapter 1.16 of this Code.

8.55.070 - Unlawful acts by persons.

It is unlawful for any person to do any of the following acts:

- A. To remove a shopping cart from the premises of a retail establishment with the intent to temporarily or permanently deprive the owner of possession of the cart.
- B. To be in possession of any shopping cart while that cart is not located on the premises of a retail establishment, with the intent to temporarily or permanently deprive the owner of possession of the cart.
- C. To be in possession of any shopping cart with serial numbers removed, obliterated, or altered, with the intent to temporarily or permanently deprive the owner of possession of the cart.
- D. To abandon a shopping cart at a location other than the premises of the retail establishment with the intent to temporarily or permanently deprive the owner of possession of the cart.
- E. To alter, convert, or tamper with a shopping cart, or to remove any part or portion thereof or to remove, obliterate or alter serial numbers on a cart, or to remove a sign required by this division from a cart, with the intent to temporarily or permanently deprive the owner of possession of the cart.

8.55.080 -Enforcement.

- A. The provisions of this Chapter shall be administered and enforced by enforcement personnel. In the enforcement of this division, enforcement personnel may enter upon public property which the City owns or has a right to enter to examine a shopping cart or parts thereof, or to obtain information as to the identity of a shopping cart and remove, or cause removal of, a shopping cart, or parts thereof, declared to be a nuisance pursuant to this division. Enforcement personnel may enter upon public property which the City does not own or have a right to enter or private property to enforce the provisions of this division after obtaining

permission to enter from the owner or occupant of the property or after obtaining a warrant from a court of competent jurisdiction authorizing entry onto the property.

- B. The City may enforce violations of this division by use of administrative citations as provided in Chapter 1.17 or 8.32. of this Code, and by any other means authorized in this Code.

8.55.090 - Shopping cart abatement.

Upon discovering the existence of a removed or abandoned shopping cart which is not properly identified as belonging to a particular retail establishment, or parts thereof, on public or private property within the City, enforcement personnel shall have the authority to cause the abatement and removal thereof in accordance with the procedures described in this Chapter.

8.55.100 - Procedures for abatement.

- A. *Shopping carts with signs affixed.* A removed or abandoned shopping cart that has a sign affixed to it may be impounded by enforcement personnel pursuant to either of the following procedures.

- (1) Upon the discovery of a removed or abandoned cart, enforcement personnel give the owner of the cart notice of the cart's discovery and location. If three days after such notice is given the cart has not been retrieved by the owner or his or her agent, enforcement personnel may impound the cart. The owner of any cart impounded pursuant to this subsection (a)(1) shall be subject to any applicable fee or fine imposed pursuant to subdivision (e) or (f). A cart impounded pursuant to this subsection (a)(1) that is not reclaimed within 30 days of the owner's receipt of the notice provided for herein shall be disposed of pursuant to subsection (g).
- (2) Upon the discovery of a removed or abandoned cart, enforcement personnel shall immediately impound the cart and give the owner of the cart actual notice that the cart has been impounded within 24 hours of the impoundment. Any shopping cart impounded pursuant to this subsection (a)(2) that is reclaimed within three business days following the date of actual notice to the owner shall be released and surrendered to the owner or his or her agent at no charge whatsoever, including the waiver of any impound and storage fees or fines that would otherwise be applicable pursuant to subdivision (e) or (f) of this section. Any cart reclaimed within the three business day period shall not be deemed an

occurrence for the purposes of subdivision (f) of this section. The owner of any cart impounded pursuant to this subsection (a)(2) that is not reclaimed within three business days following the date of actual notice to the owner shall be subject to any applicable fee or fine imposed pursuant to subdivision (e) or (f) commencing on the fourth business day following the date of the notice. Any cart not reclaimed within 30 days of the actual notice provided to the owner of the cart shall be disposed of pursuant to subsection (g).

- B. *Shopping carts without signs affixed.* A removed or abandoned shopping cart that does not have a sign affixed to it identifying the owner may be impounded immediately upon its discovery by enforcement personnel. Carts impounded pursuant to this subsection (b) may be disposed of immediately.
- C. *Emergency removal.* Notwithstanding subsection (a) of this section, a removed or abandoned shopping cart with a sign affixed to it identifying the owner may be impounded immediately if the location of the shopping cart will impede emergency services. Enforcement personnel shall give the owner or his or her authorized agent notice of the impoundment within three business days of the impoundment. The owner of any cart impounded pursuant to this subsection (c) shall be subject to any applicable fee or fine imposed pursuant to subdivision (e) or (f). Any cart not reclaimed within 30 days of the date the owner of the cart receives notice of its impoundment shall be disposed of pursuant to subsection (g).
- D. *Impound location.* Any shopping cart that is impounded by the enforcement personnel pursuant to this division shall be held at a location that is reasonably convenient to the owner of the shopping cart and open for business at least six hours of each business day. The City's corporate yard is centrally located within the City and open at least six hours each business day, and the City finds that holding impounded shopping carts at the corporate yard satisfies the requirements of this subsection.
- E. *Recovery of costs.* The City Council may provide by resolution for the recovery of the actual cost in providing the service of impounding shopping carts.
- F. *Fines.* In addition to the fee for the service of impounding shopping carts, a fine in the amount of \$50.00 is hereby imposed upon each owner of a shopping cart for each occurrence in excess of three during a specified six-month period for failure to retrieve shopping carts in accordance with this section. An occurrence includes all shopping carts impounded in accordance with this Chapter in a one-day period. This subsection does not apply to and does not limit or

prohibit any other fee, fine or penalty that the City may charge for violation of the other provisions of this Chapter.

- G. *Disposal of carts.* Any shopping cart not reclaimed from the City within 30 days of receipt of a notice of violation by the owner of the shopping cart may be sold or otherwise disposed of by the City as determined by City in its sole and absolute discretion. The preferred method of disposal shall be recycling.
- H. *Actual notice.* A notice, as required by this division, may be served personally upon the designated owner identified in a sign permanently affixed to a shopping cart or by mail as prescribed by California Code of Civil Procedure Section 1013.

8.55.110 - Fee.

The City Council has set by resolution processing and inspection fees for the submissions required by this Chapter at the cost recovery fees authorized by Resolution 2017-48. . The fees set by the resolution of the City Council with regards to this section shall not exceed the amount reasonably necessary for the City to perform the services provided.

SECTION 8. Effective Date and Publication. The Mayor shall sign and the City Clerk shall certify to the passage of this Ordinance and cause the same or a summary thereof to be published within 15 days after adoption in accordance with Government Code Section 36933. This Ordinance shall take effect 30 days after adoption in accordance with Government Code Section 36937.

NOW, THEREFORE, BE IT ORDAINED the City Council of the City of Beaumont, California, approves an amendment to the City Code.

INTRODUCED AND READ for the first time and ordered posted at a regular meeting of the City Council of the City of Beaumont, California, held on the 7th day of July 2020, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Beaumont, California, held on the 7th day of July 2020.

AYES:

NOES:

ABSENT:

ABSTAIN:

Rey Santos, Mayor

Attest:

Steven Mehlman, City Clerk

Approved as to form:

John O. Pinkney, City Attorney



Staff Report

TO: City Council

FROM: Elizabeth Gibbs, Community Services Director

DATE: July 7, 2020

SUBJECT: **Hold a Public Hearing and Consider Resolution Approving a Subscription Agreement with ChargePoint and Establishing A Fee Schedule for Electric Vehicle Charging Stations**

Background and Analysis:

Staff has secured funding to purchase and install an electric vehicle charging station at the Beaumont Civic Center public parking lot. A rebate in the amount of \$240,000 from Southern California Incentive Program (SCIP) and \$31,870 from Mobile Source Air Pollution Reduction Committee (MSRC) as well as \$100,000 from Riverside County Transportation Commission STA capital project fully funds the purchase and installation of the electric vehicle charging stations.

On September 17, 2019, City Council approved an agreement with Baker Electric in the amount of \$371,000 to purchase and install three ChargePoint DC Fast Charging (DCFC) electric vehicle charging stations at Beaumont Civic Center parking lot. The stations include a 5-year commercial cloud plan and a 5-year warranty prepaid with the purchase of the terminals. These items are required for the initial five years of the station operation per the rebate grants secured.

Cloud Service

The electric vehicle (EV) charging stations will utilize ChargePoint, Inc. (ChargePoint) as the direct provider of networking services. As a result, the City must enter into a Master Services and Subscription Agreement (MSSA) with ChargePoint to utilize their cloud-based networking system (Attachment A).

ChargePoint is the industry leader in providing networked EV charging stations throughout the United States. ChargePoint operates 111,000 charging stations and has established partnerships with large and small entities in both the private and public sectors, including the County of Riverside and the University of California at Riverside.

To use a ChargePoint station, customers create an account on ChargePoint's website or download the mobile application. Customers have two options: acquire a ChargePoint Card that can be used at the station or use their phone to pay. Downloading the mobile app is preferred because it offers many options where a customer can 1) see which stations are available for charging, 2) start charging by holding the phone up to the card reader at the station, 3) receive notifications when the car is finished charging or when a station becomes available, 4) schedule charging, set reminders, get notifications and track usage, and 5) alert ChargePoint when issues are encountered.

ChargePoint also has cooperative agreements with other electric vehicle charging operators, such as EVGo, Plug Share, and Sema Connect to name a few. This means that a customer who has an account set up with one of these competitive companies can use the City's ChargePoint station as well.

All EV charging station usage data is available to the City in a cloud database and includes a wide variety of reports to help provide an ongoing review of each station, including revenues received, actual electrical costs, station performance and maintenance needs.

Charging Station Use Fees

In order to optimize the use of the charging stations and allow multiple electric vehicles to use the charging equipment during a typical day, ChargePoint encourages the City to develop a pricing plan designed to cover energy costs, transactions fees, and regular equipment maintenance while keeping competitive fees with surrounding stations.

There are two types of chargers offered in the public EV charging industry. Fast chargers (DCFC), which provide a 250-mile charge in one hour, and slow chargers, also known as Level 2 chargers, which provide a 25-mile charge in one hour. In the Pass Area, the City of Beaumont and Kohl's have the DCFC type charging stations, while other stations in the immediate area offer the slower, Level 2 chargers.

Not all EVs charge the same and most have a battery size of 25-30 kWh capacity that can travel about 100 miles before needing to be recharged. In comparison, 100kWh batteries found in Teslas, can travel over 300 miles before needing to be recharged.

The cost for the use of the charger is calculated based on duration of stay and energy consumed (\$/kWh). ChargePoint recommends using kWh pricing to cover electrical cost and provide revenue to cover ongoing operating costs. Additionally, ChargePoint encourages establishing parking fees for vehicles remaining at the station after the charge is completed to encourage turnover of the parking space.

Below is a table of fees for nearby DCFC stations:

Kohl's Beaumont	\$0.25 kWh	\$0.10 parking fee per minute
City of Highland	\$0.35 kWh	\$2.00 an hour parking fee after 1 st hour.
County of Riverside	\$0.35 kWh	\$0.50 a minute parking fee after 30 minutes

Staff analyzed the above rates of nearby stations and consulted with Southern California Edison (SCE) for kWh rate and monthly charges that the City of Beaumont could expect to pay. SCE notified staff on May 29, 2020, that the average charge for energy will be \$0.231435 kWh and there is an additional \$117.81 monthly fee. In addition to these fees, ChargePoint will charge 10% of the total amount paid by the customer as a service fee.

Staff recommends setting a fee similar those set at nearby stations at \$0.35/kWh with a parking fee of \$2.00 an hour after the first hour or part thereof. As a fast charging station, all vehicles can be fully charged within the first hour. Staff will monitor demand and use of the charging stations during the first year to determine if any adjustments to the use fees are needed, including implementation of graduated pricing.

<u>Cost Recovery</u>	DCFC / Level 3
Cost of Electricity	\$0.23/kWh
Ongoing Costs- Maintenance Fees, Monthly SCE Service Fees and other expenses not covered by Warranty	\$0.055/kWh
Cost of Network Services \$4,099 year and Warranty \$9,300*	\$0.03/kWh
Payment Processing Fee (10%)	\$0.035/kWh
Total	\$.35/kWh

*Beaumont has a current 5-year subscription/warranty that begins as soon as the stations are activated. These amounts are listed anticipating renewing the agreements when they expire in 2025.

Fiscal Impact:

The City will not incur any additional operating costs until the current 5-year subscription and warranty expires in 2025. However, there are limitations to what is covered in the warranty, such as expenses incurred due to vandalism. The fees set with ChargePoint will be set at a

level to recover the cost associated with SCE plus 10% for service fees. For the first five years of the station it will generate a modest annual reserve for the coverage of non-warranted damage as well as for the costs associated with warranty and cloud service renewal in year six.

The electric vehicle charging station will be open and available for use 24 hours a day, 365 days a year.

The first year, conservative estimates are that the station will be used for an average of one hour a day and use approximately 50 kWh. If 50 kWh of energy is used to charge a vehicle every day, at a rate of \$0.231435 kWh, driver fees would amount to \$6,388 in a year. Costs associated with the station including SCE fees and 10% transaction fee from ChargePoint would be \$6,210. The difference of \$90 would be the reserve for the first year.

Details on the projected operating costs and revenue for the first six years of the station are provided in the table below. Growth in usage is projected conservatively with half-hour additional charging time in a day over the previous year for the first three years and an additional one hour of use for years thereafter. Parking fees are not included in this calculation since the implementation of the parking fee is to be used as a deterrent for parking longer than needed to charge the vehicle.

	Year 1 2021	Year 2 2022	Year 3 2023	Year 4 2024	Year 5 2025	Year 6+ 2026
	1 hour of total use a day	1.5 hours of total use a day	2 hours of total use a day	3 hours of total use a day	4 hours of total use a day	5 hours of total use a day
Driver Fee	\$6,387	\$9,581	\$12,775	\$19,162	\$25,550	\$31,938
Electricity Average	\$4,223	\$6,336	\$8,447	\$12,671	\$16,895	\$21,118
SCE Service Fees	\$1,004	\$1,506	\$2,008	\$3,011	\$4,015	\$5,019
10% Driver Transaction Fee	\$639	\$958	\$1,278	\$1,916	\$2,555	\$3,194
Network & Warranty	Included	Included	Included	Included	Included	\$13,399*
Annual Reserves	\$90	\$842	\$1,594	\$3,099	\$4,603	-\$7,292

*Projected network & warranty costs in year six

Although year six shows a loss of revenue to cover the additional incurred charge of warranty and cloud service renewal, the calculations are presented in a conservative nature. The actual use of the station will likely be better than what is conservatively projected in the table above. First, the projections are based on an average electric rate provided to us by SCE and is an average of all peak hours. It is likely that most charging will occur during off-peak hours, corresponding with the Civic Center’s business hours, which generally has lower rates than peak hours which occurs 4 p.m. to 9 p.m. Monday-Friday. Second, the State of California’s goal is to have 5 million zero emission vehicles on the road by 2030, therefore communities will have more vehicles that need charging service in the coming years, with many programs in place to meet this goal.

SCE provided these rates to the City of Beaumont on May 29, 2020:

Summer On Peak (4pm to 9pm weekdays excluding holidays) =	0.49626	¢/kWh
Summer Mid Peak (4pm to 9pm weekends and holidays) =	0.2557	¢/kWh
Summer Off Peak (All hours outside of 4pm to 9pm) =	0.12604	¢/kWh
Winter Mid Peak (4pm to 9pm weekdays and weekends) =	0.29707	¢/kWh
Winter Off Peak (All other hours) =	0.13593	¢/kWh
Winter Super Off Peak (8am to 4pm weekdays and weekends) =	0.07761	¢/kWh
Average=	.231435	¢/kWh

Recommended Action:

Hold a Public Hearing,
Waive the full reading and adopt by title only, “A Resolution of the City Council of the City of Beaumont, California, Approving a Subscription Agreement with ChargePoint and Establishing a Fee Schedule for Electric Vehicle Charging Stations,” and
Authorize the Mayor to execute the subscription agreement with ChargePoint.

Attachments:

- A. Resolution

RESOLUTION NO. 2020-____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BEAUMONT,
CALIFORNIA, APPROVING A SUBSCRIPTION AGREEMENT WITH
CHARGEPOINT AND ESTABLISHING A FEE SCHEDULE FOR ELECTRIC
VEHICLE CHARGING STATIONS**

Section 1. The City Council of the City of Beaumont hereby finds, determines and declares as follows:

WHEREAS, Baker Electric was awarded a design build contract through request for proposals process to install three (3) ChargePoint DC Fast Charging (DCFC) Electric Vehicle Charging Stations at the Beaumont Civic Center;

WHEREAS, ChargePoint has presented a Master Services and Subscription Agreement to the City whereby it will enable operation of the DCFC stations and billing session fees to users (Exhibit A);

WHEREAS, public users who have an account with ChargePoint will have access the Electric Vehicle Charging Stations. ChargePoint will provide all the net revenue collected less (10%) of the Session Fee to the City on a quarterly basis. All revenue collected will be deposited back into the fund/location that is paying for the estimated expenses. Additionally, excess revenue (e.g. charged revenue less estimated costs) will be applied towards future contributions in maintenance or infrastructure repair costs for Electric Vehicle Charging Stations.

WHEREAS, below is a summary of anticipated annual costs per charging station along with anticipated revenue:

Cost Recovery	DCFC / Level 3
Cost of Electricity	\$0.23/kWh
Ongoing Costs- Maintenance Fees and other expenses not covered by Warranty	\$0.055/kWh
Cost of Network Services \$4,099 and Warranty \$9,300	\$0.03/kWh
Payment Processing Fee (10%)	\$0.035/kWh
Total	\$.35/kWh

Section 2. The City Council hereby establishes the following pricing structure for the Electric Vehicle Charging Stations installed throughout the City:

WHEREAS, based on analysis and evaluation of utilities, network charges, and equipment warranty, the fees to be charged to users of the Electric Vehicle Charging Stations are as set forth below.

Fast Charging (CPE250 50kW)	Rate Per Kilowatt Hour -\$0.35	Parking Rate -\$2.00 per hour or part thereof after first hour
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Section 3. Without further action of the City Council, the above-referenced fees established by this Resolution shall be incorporated into the City's Fee Schedule.

Section 4. This Resolution shall take effect immediately upon its adoption by the City Council, and the Clerk of the Council shall attest to and certify the vote adopting this Resolution.

ADOPTED this 7th day of July 2020.

MOVED, PASSED, and ADOPTED this 7th day of July 2020, by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Rey Santos, Mayor

ATTEST:

Steve Mehlman, City Clerk

Exhibit A

ChargePoint Master Services and Subscription Agreement

CHARGEPOINT®
MASTER SERVICES AND SUBSCRIPTION AGREEMENT

IMPORTANT: THIS MASTER SERVICES AND SUBSCRIPTION AGREEMENT IS A LEGAL AGREEMENT BETWEEN YOU OR THE CORPORATION, PARTNERSHIP OR OTHER LEGAL ENTITY YOU REPRESENT (“SUBSCRIBER”) AND CHARGEPOINT, INC., A DELAWARE CORPORATION (“CPI”). PLEASE READ IT CAREFULLY. BY USING ANY OF THE CHARGEPOINT SERVICES, YOU INDICATE YOUR ACCEPTANCE OF THIS AGREEMENT. IF YOU DO NOT AGREE WITH ANY OF THESE TERMS AND CONDITIONS, DO NOT USE ANY CHARGEPOINT SERVICES.

IF YOU ARE ENTERING INTO THIS AGREEMENT ON BEHALF OF A CORPORATION, PARTNERSHIP OR OTHER LEGAL ENTITY, THAT ENTITY REPRESENTS THAT YOU HAVE AUTHORITY TO BIND SUCH ENTITY TO THESE TERMS AND CONDITIONS. IF YOU DO NOT HAVE SUCH AUTHORITY TO BIND SUCH ENTITY TO THESE TERMS AND CONDITIONS, YOU MAY NOT ENTER INTO THIS AGREEMENT AND SUCH ENTITY MAY NOT USE THE CHARGEPOINT SERVICES.

1. AGREEMENT.

1.1 SCOPE OF AGREEMENT. This Agreement governs the following activities:

- (a) Provisioning of Subscriber’s Charging Station(s), if any, on ChargePoint;
- (b) Activation and use of the ChargePoint Services on Subscriber’s Charging Station(s), if any;
- (c) Subscriber’s use of the APIs as part of the ChargePoint Services;
- (d) Each grant of Rights by Subscriber; and
- (e) Each grant of Rights by a third party to Subscriber.

1.2 EXHIBITS AND PRIVACY POLICY. This Agreement includes the CPI [Privacy Policy](#), as amended from time to time, and the following Exhibits, which are made a part of, and are hereby incorporated into, this Agreement by reference.

- Exhibit 1: Flex Billing Terms
- Exhibit 2: API Terms
- Exhibit 3: Terms Regarding Granting and Receipt of Rights
- Exhibit 4: Cloud Plan Description

In the event of any conflict between the terms of this Agreement on the one hand, and the Privacy Policy or any Exhibit on the other hand, this Agreement shall govern. Capitalized terms not otherwise defined in any Exhibit or the Privacy Policy shall have the same meaning as in this Agreement.

2. DEFINITIONS. The following terms shall have the definitions set forth below when used in this Agreement:

2.1 “Affiliate” means any entity which directly or indirectly controls, is controlled by, or is under common control with the subject entity. “Control”, for purposes of this definition, means direct or indirect ownership or control of fifty percent (50%) or more of the voting interests of the subject entity.

2.2 “APIs” means, individually or collectively, the application programming interfaces which are made available to Subscriber from time to time, as and when updated by CPI.

2.3 “ChargePoint Connections” shall have the meaning ascribed to it in the applicable data sheet. The term ChargePoint Connections shall also mean any successor service provided by CPI.

2.4 “ChargePoint®” means the open-platform network of electric vehicle charging stations and the vehicle charging applications the network delivers, that is operated and maintained by CPI (as defined below) in order to provide various services to, among others, Subscriber and its employees.

2.5 “ChargePoint Services” means, collectively, the various cloud services offerings (including, without limitation, APIs and application Cloud Plans) made available for subscription by CPI.

2.6 “ChargePoint Application” means any of the applications established and maintained by CPI which will allow Subscriber to access ChargePoint Services.

2.7 “Charging Station” means the electric vehicle charging station(s) purchased by Subscriber, whether manufactured by CPI or by a CPI authorized entity, which are registered and activated on ChargePoint.

2.8 “Cloud Plan (s)” means the description attached hereto as Exhibit 4.

2.9 “Content” means all data collected or maintained by CPI in connection with the operation of ChargePoint.

2.10 “CPI Marks” means the various trademarks, service marks, trade names, logos, domain names, and other distinctive brand features and designations used in connection with ChargePoint and/or CPI manufactured Charging Stations, including without limitation, ChargePoint.

2.11 “CPI Property” means (i) ChargePoint, (ii) the ChargePoint Services (including all Content), (iii) all data generated or collected by CPI in connection with the operation of ChargePoint and ChargePoint Services, (iv) the CPI Marks, (v) the ChargePoint Cards, and (vi) all other CPI-supplied material developed or provided by CPI for Subscriber use in connection with the ChargePoint Services. CPI Property does not include the charging stations or other hardware associated with the charging stations.

2.12 “Documentation” means written information (whether contained in user or technical manuals, product materials, specifications or otherwise) pertaining to ChargePoint Services and/or ChargePoint and made available from time to time by CPI to Subscriber in any manner (including on-line).

2.13 “Effective Date” means the earlier of (a) the date that Subscriber electronically accepts this Agreement, or (b) the date of Subscriber’s first use of the ChargePoint Services.

2.14 “Intellectual Property Rights” means all intellectual property rights, including, without limitation, patents, patent applications, patent rights, trademarks, trademark applications, trade names, service marks, service mark applications, copyrights, copyright applications, franchises, licenses, inventories, know-how, trade secrets, Subscriber lists, proprietary processes and formulae, all source and object code, algorithms, architecture, structure, display screens, layouts, inventions, development tools and all documentation and media constituting, describing or relating to the above, including, without limitation, manuals, memoranda and records.

2.15 “Malicious Code” means viruses, worms, time bombs, Trojan horses and all other forms of malicious code, including without limitation, malware, spyware, files, scripts, agents or programs.

2.16 “Party” means each of CPI and Subscriber.

2.17 *“PII”* means personally identifiable information regarding Subscriber or a User (e.g., name, address, email address, phone number or credit card number) that can be used to uniquely identify, contact or locate Subscriber or such User.

2.18 *“Provisioning”* means activating Charging Stations, warranties and Cloud Plans on ChargePoint

2.19 *“Rights”* means the rights, authorizations, privileges, actions, information and settings within the ChargePoint Services which a Rights Grantor grants to an Rights Grantee, to enable such Rights Grantee to access, obtain and use certain portions of the ChargePoint Services and certain information available therein in the course of providing services to or on behalf of such Rights Grantor in connection with one or more of the Rights Grantor’s Charging Stations. A Rights Grantor shall be deemed to have granted Rights to the entity that will be responsible for creating Subscriber’s account and Provisioning Subscriber’s Charging Stations. Such deemed grant may be terminated by Subscriber at any time.

2.19 *“Cloud Plan(s)”* means subscription plans to the ChargePoint Services which are offered and sold by CPI from time to time, which vary according to their features, privileges and pricing.

2.20 *“Subscriber Content and Services”* means any content and/or services that a Subscriber provides or makes available to Users and/or the general public in connection with the ChargePoint Services, other than Content, ChargePoint Services and CPI Property.

2.21 *“Subscriber Marks”* means the various trademarks, service marks, trade names, logos, domain names, and other distinctive brand features and designations used by Subscriber in connection with its business and/or Charging Stations.

2.22 *“Subscription Fees”* means the fees payable by Subscriber for subscribing to any ChargePoint Services. At the time of executing this Agreement, Subscriber purchased three (3) ChargePoint DC Fast Charging (DCFC) Electric Vehicle Charging Stations to be installed at the Beaumont Civic Center. The City has prepaid all Subscription Fees for Tokens in the amount of \$4,099 for the DC Fast Charger for Cloud Plan required for 5 years of ChargePoint Services.

2.23 *“Taxes”* shall mean all present and future taxes, imposts, levies, assessments, duties or charges of whatsoever nature including without limitation any withholding taxes, sales taxes, use taxes, service taxes, value added or similar taxes at the rate applicable for the time being imposed by any national or local government, taxing authority, regulatory agency or other entity on the provision of electric vehicle charging services together with any penalty payable in connection with any failure to pay or any delay in paying any of the same and any interest thereon. Taxes excludes income and other taxes imposed on CPI’s business.

2.24 *“Token(s)”* means the serialized proof of purchase of a Cloud Plan that is used by CPI in connection with enabling Services and/or provisioning Charging Stations.

2.25 *“User”* means any person using a Charging Station.

3. **AVAILABLE CHARGEPOINT SERVICES & CLOUD PLANS.** A description of the various ChargePoint Services and Cloud Plans currently available for subscription is located on the CPI website. CPI may make other ChargePoint Services and/or Cloud Plans available from time to time and may amend the features or benefits offered with respect to any ChargePoint Service or Cloud Plan at any time and from time to time. Subscription Fees are based on Subscriber’s choice of Cloud Plan and not on actual usage of the Subscription.

4. **CPI’S RESPONSIBILITIES AND AGREEMENTS.**

4.1 OPERATION OF CHARGEPOINT. CPI agrees to provide and shall be solely responsible for:

(i) provisioning and operating, maintaining, administering and supporting ChargePoint which enables Users to charge electric vehicles on Customers Charging Stations and related infrastructure (other than Subscriber's Charging Stations and infrastructure for transmitting data from Charging Stations to any ChargePoint operations center);

(ii) provisioning and operating, maintaining, administering and supporting the ChargePoint Applications; and

(iii) operating ChargePoint in compliance with all applicable laws. CPI will protect the confidentiality and security of PII in accordance with all applicable laws and regulations and the CPI Privacy Policy and acknowledges that it is responsible for the security of "cardholder data" (as that term is defined for purposes of the Payment Card Industry – Data Security Standards), if any, that CPI possesses, otherwise stores, processes or transmits on behalf of Subscriber or for any impact, if any, on the security of Subscriber's cardholder data environment.

4.2 LIMITATIONS ON RESPONSIBILITY. CPI shall not be responsible for, and makes no representation or warranty with respect to the following: (i) specific location(s) or number of Charging Stations now, or in the future, owned, operated and/or installed by persons other than Subscriber, or the total number of Charging Stations that comprise ChargePoint; (ii) continuous availability of electrical service to any of Subscriber's Charging Stations; (iii) continuous availability of any wireless or cellular communications network or Internet service provide network necessary for the continued operation by CPI of ChargePoint; (iv) availability of or interruption of the ChargePoint Network attributable to unauthorized intrusions; and/or (v) charging stations that are not registered with and activated on the ChargePoint Network.

5. SUBSCRIBER'S RESPONSIBILITIES AND AGREEMENTS.

5.1 GENERAL.

(a) All use of ChargePoint and ChargePoint Services by Subscriber, its employees and agents and its grantees of Rights shall comply with this Agreement and all of the rules, limitations and policies of CPI set forth in the Documentation. All ChargePoint Services account details, passwords, keys, etc. are granted to Subscriber solely for Subscriber's own use (and the use of its grantees of Rights), and Subscriber shall keep all such items secure and confidential. Subscriber shall prevent, and shall be fully liable to CPI for, any unauthorized access to or use of ChargePoint or ChargePoint Services via Subscriber's Charging Stations, ChargePoint Services account(s) or other equipment. Subscriber shall immediately notify CPI upon becoming aware of any such unauthorized use.

(b) Subscriber shall be solely responsible for: (i) Provisioning of its Charging Stations, if any; (ii) keeping Subscriber's contact information, email address for the receipt of notices hereunder, and billing address for invoices both accurate and up to date; (iii) updating on the applicable ChargePoint Application, within five (5) business days, the location to which any of Subscriber's Charging Stations are moved; (iv) the maintenance, service, repair and/or replacement of Subscriber's Charging Stations as needed, including informing CPI of the existence of any Charging Stations that are non-operational and not intended to be replaced or repaired by Subscriber; and (v) compliance with all applicable laws.

(c) Subscriber shall deliver in full all benefits promised to Users by Subscriber in exchange for such Users connecting with Subscriber using ChargePoint Connections.

5.2 REPRESENTATIONS AND WARRANTIES OF SUBSCRIBER. Subscriber represents and

warrants to CPI that:

(i) it has the power and authority to enter into and be bound by this Agreement and shall have the power and authority to install the Charging Stations and any other electrical vehicle charging products which are registered and activated on the ChargePoint Network);

(ii) the electrical usage to be consumed by Subscriber's Charging Stations will not violate or otherwise conflict with the terms and conditions of any applicable electrical purchase or other agreement including, without limitation, any lease, to which Subscriber is a party; and (iii) it has not installed or attached and will not install or attach Charging Stations on or to infrastructure not owned by Subscriber without proper authority, or in a manner that will block any easement or right of way.

5.3 CHARGEPOINT CARDS. Subscriber may be permitted by CPI, in CPI's sole discretion, to obtain CPI-provisioned radio-frequency identification cards ("ChargePoint Cards") which enable the individual card recipients to access and use ChargePoint. Subscriber may distribute such ChargePoint Cards to individuals, and each individual ChargePoint Card recipient is responsible for activating his or her ChargePoint Card on ChargePoint directly with CPI on the CPI web site. In no event will Subscriber create any separate ChargePoint accounts for any ChargePoint Card recipients or other third parties, nor will Subscriber create anonymous ChargePoint accounts associated with any ChargePoint Card.

5.4 USE RESTRICTIONS AND LIMITATIONS. Subscriber shall not:

(a) sell, resell, license, rent, lease or otherwise transfer the ChargePoint Services or any Content therein to any third party;

(b) interfere with or disrupt the ChargePoint Services, servers, or networks connected to the ChargePoint Services, or disobey any requirements, procedures, policies, or regulations of networks connected to the ChargePoint Services;

(c) restrict or inhibit any other user from using and enjoying the ChargePoint Services or any other CPI services;

(d) attempt to gain unauthorized access to the ChargePoint Network or the ChargePoint Services or related systems or networks or any data contained therein, or access or use ChargePoint or ChargePoint Services through any technology or means other than those provided or expressly authorized by CPI;

(e) create any ChargePoint Services user account by automated means or under false or fraudulent pretenses, or impersonate another person or entity on ChargePoint, or obtain or attempt to obtain multiple keys for the same URL;

(f) reverse engineer, decompile or otherwise attempt to extract the source code of the ChargePoint Services or any part thereof, or any Charging Station, except to the extent expressly permitted or required by applicable law;

(g) create derivative works based on any CPI Property;

(h) remove, conceal or cover the CPI Marks or any other markings, labels, legends, trademarks, or trade names installed or placed on the Charging Stations or any peripheral equipment for use in connection with Subscriber's Charging Stations;

(i) except as otherwise expressly permitted by this Agreement or in any applicable data sheet relating to a ChargePoint Service, copy, frame or mirror any part of the ChargePoint Services or ChargePoint Content, other than copying or framing on Subscriber's own intranets or otherwise solely for Subscriber's own internal business use and purposes;

(j) access ChargePoint, any ChargePoint Application or the ChargePoint Services for the purpose of monitoring their availability, performance or functionality, or for any other benchmarking or competitive purpose, or for any improper purpose whatsoever, including, without limitation, in order to build a competitive product or service or copy any features, functions, interface, graphics or “look and feel;”

(k) use any robot, spider, site search/retrieval application, or other device to retrieve or index any portion of the ChargePoint Services or Content or collect information about ChargePoint users for any unauthorized purpose;

(l) upload, transmit or introduce any Malicious Code to ChargePoint or ChargePoint Services;

(m) use any of the ChargePoint Services if Subscriber is a person barred from such use under the laws of the United States or of any other jurisdiction; or

(n) use the ChargePoint Services to upload, post, display, transmit or otherwise make available (A) any inappropriate, defamatory, obscene, or unlawful content; (B) any content that infringes any patent, trademark, copyright, trade secret or other proprietary right of any party; (C) any messages, communication or other content that promotes pyramid schemes, chain letters, constitutes disruptive commercial messages or advertisements, or is prohibited by applicable law, the Agreement or the Documentation.

5.5 CONTENT.

(a) ChargePoint Content (including but not limited to Charging Station data and status) is provided for planning purposes only. Subscriber may find that various events may mean actual Charging Station conditions (such as availability or pricing) differ from what is set forth in the Content. In addition, certain Charging Station-related Content, including Charging Station name and use restrictions, is set by the Charging Station owner and is not verified by CPI. Subscriber should exercise judgment in Subscriber’s use of the Content.

(b) Certain Content may be provided under license from third parties and is subject to copyright and other intellectual property rights of such third parties. Subscriber may be held liable for any unauthorized copying or disclosure of such third party-supplied Content. Subscriber’s use of such Content may be subject to additional restrictions set forth in the Documentation.

(c) Subscriber shall not copy, modify, alter, translate, amend, or publicly display any of the Content except as expressly permitted by the Documentation. Subscriber shall not present any portion of the Content in any manner, that would (i) make such Content false, inaccurate or misleading, (ii) falsify or delete any author attributions or labels of the origin or source of Content, or (iii) indicate or suggest that the Charging Station locations provided as part of the Content are anything other than ChargePoint® Network Charging Stations.

(d) Subscriber shall not remove, obscure, or alter in any manner any proprietary rights notices (including copyright and trademark notices), warnings, links or other notifications that appear in the ChargePoint Service.

6. SUBSCRIPTION FEES AND PAYMENT TERMS.

6.1 SUBSCRIPTION FEES. Subscriber shall pay all Subscription Fees within forty-five (45) days of its receipt of CPI’s invoice. All payments shall be made in U.S. Dollars by check, wire transfer, ACH payment system or other means approved by CPI. Customer may not offset any amounts due to CPI hereunder against amounts due to Customer under this Agreement or any other agreement. Subscription fees payable to CPI do not include any Taxes imposed thereon, and Subscriber is responsible for any and all such Taxes. All such Taxes shall be set forth on the invoice provided by CPI to Subscriber; provided that,

CPI's failure to include any such Tax on an invoice shall not relieve Subscriber's liability thereof. Except as otherwise set forth in this Agreement, all payment obligations under this Agreement are non-cancelable and non-refundable.

6.2 LATE PAYMENTS. Late payments shall be subject to a charge equal to the lesser of ten percent (10%) per annum or the maximum rate permitted by law. If any amount owing by Subscriber under this Agreement is more than thirty (30) days overdue after receipt of written notice from CPI identifying the delinquency and the amount due by Subscriber, CPI may, upon five days further written notice without otherwise limiting CPI's rights or remedies, (a) terminate this Agreement, (b) suspend the use by Subscriber of the ChargePoint Services until such amounts are paid in full, provided that CPI shall not exercise any such rights if Subscriber has reasonably disputed such charges and is cooperating diligently in good faith to resolve the dispute.

7. INTELLECTUAL PROPERTY RIGHTS AND LICENSES.

7.1 CPI PROPERTY. As between CPI and Subscriber, CPI retains and reserves all right, title and interest (including all related Intellectual Property Rights) in and to the CPI Property and any improvements thereto. No rights are granted to Subscriber in the CPI Property hereunder except as expressly set forth in this Agreement.

7.2 SUBSCRIBER PROPERTY. As between CPI and Subscriber, Subscriber retains and reserves all right, title and interest (including all related Intellectual Property Rights) in and to (i) all Subscriber Marks and (ii) all Subscriber Content and Services (collectively, the "Subscriber Property") and (iii) the ChargePoint Charging Stations, purchased by the Subscriber, or related hardware. No rights are granted to CPI in the Subscriber Property hereunder except as expressly set forth in this Agreement.

7.3 LIMITED LICENSE TO SUBSCRIBER. CPI hereby grants to Subscriber a royalty-free, non-assignable, non-transferable, and non-exclusive license to use the CPI Property solely in accordance with the terms of this Agreement (including without limitation all limitations and restrictions on such use) to the extent necessary for Subscriber to access, use and receive the ChargePoint Services as permitted herein.

7.4 LIMITED LICENSE TO CPI. Subscriber hereby grants to CPI a non-assignable, non-transferable, and non-exclusive license to use the Subscriber Property solely in accordance with the terms of this Agreement (including without limitation all limitations and restrictions on such use) to the extent necessary for CPI to provide the ChargePoint Services. CPI may utilize the Subscriber Marks to advertise that Subscriber is using the ChargePoint Services. The foregoing license includes a perpetual and irrevocable right of CPI to reproduce, adapt, modify, translate, publicly perform, publicly display and distribute all Subscriber Content and Services submitted, posted or displayed by Subscriber in the ChargePoint Services, solely for the purpose of enabling CPI to operate, market and promote the ChargePoint Services, and to index and serve such Subscriber Content and Services as search results through ChargePoint Services. CPI shall have a royalty-free, worldwide, transferable, sublicensable, irrevocable perpetual license to use or incorporate in the ChargePoint Services any suggestions, enhancement requests, recommendations or other feedback provided by Subscriber or Subscriber Rights Grantees relating to the ChargePoint Services.

7.5 ADDITIONAL TERMS REGARDING CPI MARKS.

(a) USE LIMITATIONS. Subscriber shall display the CPI Marks in connection with Subscriber Charging Stations as required in this Agreement during the term of Subscriber's Cloud Plan. Subscriber shall not use any of the CPI Marks for or with any products other than its Charging Stations. From time to time, CPI may provide updated CPI Mark usage guidelines on the ChargePoint Application or elsewhere in the Documentation, and Subscriber shall thereafter comply with such updated guidelines. For any use of the CPI Mark not authorized by such guidelines, or if no such guidelines are provided, then

for each initial use of the CPI Mark, Subscriber must obtain CPI's prior written consent, which shall not be unreasonably withheld or delayed, and after such consent is obtained, Subscriber may use the CPI Mark in the approved manner. All use by Subscriber of CPI's Marks (including any goodwill associated therewith) will inure to the benefit of CPI.

(b) PROHIBITIONS. Subscriber shall not use or display any CPI Mark (or any likeness of a CPI Mark):

(i) as a part of the name under which Subscriber's business is conducted or in connection with the name of a business of Subscriber or its Affiliates;

(ii) in any manner that (x) implies a relationship or affiliation with CPI other than as described under the Agreement, (y) implies any sponsorship or endorsement by CPI, or (z) can be reasonably interpreted to suggest that any Subscriber Content and Services has been authored by, or represents the views or opinions of CPI or CPI personnel;

(iii) in any manner intended to disparage CPI, ChargePoint, or the ChargePoint Services, or in a manner that is misleading, defamatory, infringing, libelous, disparaging, obscene or otherwise objectionable to CPI;

(iv) in any manner that violates any law or regulation; or

(v) that is distorted or altered in any way (including squeezing, stretching, inverting, discoloring, etc.) from the original form provided by CPI.

(c) NO REGISTRATION OF CPI MARKS. Subscriber shall not, directly or indirectly, register or apply for, or cause to be registered or applied for, any CPI Marks or any patent, trademark, service mark, copyright, trade name, domain name or registered design that is substantially or confusingly similar to a CPI Mark, patent, trademark, service mark, copyright, trade name, domain name or registered design of CPI, or that is licensed to, connected with or derived from confidential, material or proprietary information imparted to or licensed to Subscriber by CPI. At no time will Subscriber challenge or assist others to challenge the CPI Marks (except to the extent such restriction is prohibited by law) or the registration thereof by CPI.

(d) TERMINATION AND CESSATION OF USE OF CPI MARKS. Upon termination of this Agreement, Subscriber will immediately discontinue all use and display of all CPI Marks.

8. LIMITATIONS OF LIABILITY.

8.1 DISCLAIMER OF WARRANTIES. CHARGEPOINT AND THE CHARGEPOINT SERVICES ARE PROVIDED "AS IS" AND "AS AVAILABLE" FOR SUBSCRIBER'S USE, WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, EXCEPT AS PROVIDED TO THE CONTRARY IN THIS AGREEMENT, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NONINFRINGEMENT. WITHOUT LIMITING THE FOREGOING, CPI DOES NOT WARRANT THAT (A) SUBSCRIBER'S USE OF THE CHARGEPOINT SERVICES WILL BE UNREASONABLY UNINTERRUPTED, TIMELY, SECURE, FREE FROM ERROR, OR MEET SUBSCRIBER'S REQUIREMENTS; (B) ALL CONTENT AND OTHER INFORMATION OBTAINED BY SUBSCRIBER FROM OR IN CONNECTION WITH THE CHARGEPOINT SERVICES WILL BE ACCURATE AND RELIABLE; (C) ALL DEFECTS IN THE OPERATION OR FUNCTIONALITY OF THE CHARGEPOINT SERVICES WILL BE CORRECTED. ALL CONTENT OBTAINED THROUGH THE CHARGEPOINT SERVICES IS OBTAINED AT SUBSCRIBER'S OWN DISCRETION AND RISK, AND SUBSCRIBER WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE TO SUBSCRIBER'S COMPUTER SYSTEM OR OTHER DEVICE, LOSS OF DATA, OR ANY OTHER DAMAGE OR INJURY THAT RESULTS FROM THE DOWNLOAD OR USE OF ANY SUCH CONTENT.

8.2 EXCLUSION OF CONSEQUENTIAL AND RELATED DAMAGES. REGARDLESS OF WHETHER ANY REMEDY SET FORTH HEREIN FAILS OF ITS ESSENTIAL PURPOSE OR OTHERWISE, IN NO

EVENT WILL CPI OR SUBSCRIBER BE LIABLE FOR ANY LOST REVENUE OR PROFIT, LOST OR DAMAGED DATA, BUSINESS INTERRUPTION, LOSS OF CAPITAL, OR FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES, HOWEVER CAUSED AND REGARDLESS OF THE THEORY OF LIABILITY OR WHETHER ARISING OUT OF THE USE OF OR INABILITY TO USE THE CHARGEPOINT NETWORK, ANY CHARGEPOINT SERVICES, THIS AGREEMENT, A GRANT OR RECEIPT OF RIGHTS OR OTHERWISE OR BASED ON ANY EXPRESSED, IMPLIED OR CLAIMED WARRANTIES BY SUBSCRIBER NOT SPECIFICALLY SET FORTH IN THIS AGREEMENT.

8.3 ELECTRICAL, CELLULAR AND INTERNET SERVICE INTERRUPTIONS. Neither CPI nor Subscriber shall have any liability whatsoever to the other with respect to damages caused by: (i) electrical outages, power surges, brown-outs, utility load management or any other similar electrical service interruptions, whatever the cause; (ii) interruptions in wireless or cellular service linking Charging Stations to ChargePoint; (iii) interruptions attributable to unauthorized ChargePoint Network intrusions; (iv) interruptions in services provided by any Internet service provider not affiliated with CPI; or (v) the temporary inability of a Charging Station to access ChargePoint as a result of any change in product offerings (including, without limitation, the any network upgrade or introduction of any “next generation” services) by any wireless or cellular carrier. This includes the loss of data resulting from such electrical, wireless, cellular or Internet service interruptions.

8.4 LIMITATION OF LIABILITY. CPI’s aggregate liability under this Agreement shall not exceed aggregate Subscription Fees and CPI Fees paid by Subscriber to CPI. .

8.5 CELLULAR CARRIER LIABILITY. IN ORDER TO DELIVER THE CHARGEPOINT SERVICES, CPI HAS ENTERED INTO CONTRACTS WITH ONE OR MORE UNDERLYING WIRELESS SERVICE CARRIERS (THE “UNDERLYING CARRIER”). SUBSCRIBER HAS NO CONTRACTUAL RELATIONSHIP WITH THE UNDERLYING CARRIER AND SUBSCRIBER IS NOT A THIRD PARTY BENEFICIARY OF ANY AGREEMENT BETWEEN CPI AND THE UNDERLYING CARRIER. SUBSCRIBER UNDERSTANDS AND AGREES THAT THE UNDERLYING CARRIER HAS NO LIABILITY OF ANY KIND TO SUBSCRIBER, WHETHER FOR BREACH OF CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY IN TORT OR OTHERWISE. SUBSCRIBER HAS NO PROPERTY RIGHT IN ANY NUMBER ASSIGNED TO IT, AND UNDERSTANDS THAT ANY SUCH NUMBER CAN BE CHANGED. SUBSCRIBER UNDERSTANDS THAT CPI AND THE UNDERLYING CARRIER CANNOT GUARANTEE THE SECURITY OF WIRELESS TRANSMISSIONS, AND WILL NOT BE LIABLE FOR ANY LACK OF SECURITY RELATING TO THE USE OF THE CHARGEPOINT SERVICES.

8.6 ADDITIONAL RIGHTS. BECAUSE SOME STATES OR JURISDICITONS DO NOT ALLOW THE LIMITATION OR EXCLUSION OF CONSEQUENTIAL OR INCIDENTAL DAMAGES AND/OR THE DISCLAIMER OF IMPLIED WARRANTIES AS SET FORTH IN THIS SECTION 8, ONE OR MORE OF THE ABOVE LIMITATIONS MAY NOT APPLY; PROVIDED THAT, IN SUCH INSTANCES, CPI’S LIABILITY AND/OR IMPLIED WARRANTIES GRANTED IN SUCH CASES SHALL BE LIMITED TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW.

9. TERM, RENEWAL AND TERMINATION.

9.1 TERM OF AGREEMENT. This Agreement shall become effective on the Effective Date and shall continue until the expiration of all of Subscriber’s Cloud Plan, attached hereto as Exhibit “4” and made a part hereof by this reference. The initial term of this Agreement shall be for five years and it shall automatically renew thereafter for additional terms of one year each unless either party delivers notice of non-renewal at least thirty (30) days prior to the expiration of the then applicable term.

9.2 CLOUD PLAN TERM. Each Cloud Plan acquired by Subscriber is attached hereto as Exhibit “4” and shall commence as follows: Each Cloud Plan acquired for use with a new Charging Station will commence on the earlier to occur of (i) the date of Provisioning such new Charging Station, or (ii) one year from the date the Token(s) necessary for Provisioning such new Charging Station is made

available to Subscriber or its installer. Upon expiration of the original term, this Agreement will renew automatically for successive one-year terms on the terms contained herein and subject to Subscriber's or CPI's right to terminate on thirty (30) days advanced written notice. If, however, at any time after the original term Subscriber wishes to terminate a Cloud Plan that has been automatically renewed, Subscriber may do so by providing CPI thirty (30) days' written notice of cancellation and CPI will issue Subscriber a pro-rata refund of any funds paid for periods from the effective date of cancellation to the end of the auto-renewed term. Renewals of Cloud Plans will commence on the date of the expiration of the Subscription being renewed. All other Cloud Plans will commence on the date of activation of such Cloud Plans, but in no event more than one year after the date the Token(s) necessary for such activation is made available to Subscriber. Each Subscriber Cloud Plan shall continue for the applicable duration thereof unless this Agreement is terminated earlier in accordance with its terms.

9.3 TERMINATION BY CPI.

a) This Agreement may be immediately terminated by CPI: (i) if Subscriber is in material breach of any of its obligations under this Agreement, and has not cured such breach within thirty (30) days (or within five (5) days in the case of any payment default) of Subscriber's receipt of written notice thereof; (ii) Subscriber becomes the subject of a petition in bankruptcy or any other proceeding related to insolvency, receivership, liquidation or an assignment for the benefit of creditors; (iii) upon the determination by any regulatory body that the subject matter of this Agreement is subject to any governmental regulatory authorization or review that imposes additional costs of doing business upon CPI; or (iv) as otherwise explicitly provided in this Agreement. Regardless of whether Subscriber is then in breach, CPI may, in its reasonable discretion, determine that it will not accept any renewal by Subscriber of its subscription to ChargePoint Services. In such case, this Agreement shall terminate upon the later of the expiration of all of Subscriber's subscriptions to ChargePoint Services.

9.4 TERMINATION BY SUBSCRIBER.

This Agreement may be immediately terminated by Subscriber without prejudice to any other remedy of Subscriber at law or equity: (i) if CPI is in material breach of any of its obligations under this Agreement, and has not cured such breach within thirty (30) days of the date of its receipt of written notice thereof (5 days for monetary defaults), (ii) CPI becomes the subject of a petition in bankruptcy or any other proceeding related to insolvency, receivership, liquidation or an assignment for the benefit of creditors, or (iii) upon providing thirty (30) days prior written notice.

9.5 REFUND OR PAYMENT UPON TERMINATION. Upon any termination of this Agreement for cause by Subscriber pursuant to Section 9.4(i) or by CPI pursuant to Section 9.3(a)(iii), CPI shall refund to Subscriber a pro-rata portion of any pre-paid Subscription Fees based upon the remaining Cloud Plan term. Upon any termination for any other reason, Subscriber shall not be entitled to any refund of any Subscription Fees as a result of such termination. Except as otherwise set forth in this Agreement, in no event shall any termination relieve Subscriber of any unpaid Subscription Fees due CPI for the Cloud Plan term in which the termination occurs or any prior Cloud Plan term.

9.6 SURVIVAL. Those provisions dealing with the Intellectual Property Rights of CPI, limitations of liability and disclaimers, restrictions of warranty, Applicable Law and those other provisions which by their nature or terms are intended to survive the termination of this Agreement will remain in full force and effect as between the Parties hereto regardless of the termination of this Agreement.

10. GENERAL.

10.1 AMENDMENT OR MODIFICATION. CPI reserves the right to modify this Agreement from time to time. CPI will provide notice of each such modification to Subscriber. Subscriber's continued

use of the ChargePoint Services following such notice will constitute an acceptance of the modified Agreement.

10.2 WAIVER. The failure of either Party at any time to enforce any provision of this Agreement shall not be construed to be a waiver of the right of such Party to thereafter enforce that provision or any other provision or right.

10.3 FORCE MAJEURE. Except with respect to payment obligations, neither CPI nor Subscriber will be liable for failure to perform any of its obligations hereunder due to causes beyond such party's reasonable control and occurring without its fault or negligence, including but not limited to fire, flood, earthquake or other natural disaster (irrespective of such Party's condition of any preparedness therefore); war, embargo; riot; strike; labor action; any lawful order, decree, or other directive of any government authority that prohibits a Party from performing its obligations under this Agreement; material shortages; shortage of transport; and failures of suppliers to deliver material or components in accordance with the terms of their contracts.

10.4 ARBITRATION. This Agreement is to be construed according to the laws of the State of California, excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods and any conflict of law provisions that would require application of another choice of law. Except with respect to any matter relating to Subscriber's violation of the intellectual property rights of CPI, any dispute arising from or relating to this Agreement shall be arbitrated in Riverside County California. The arbitration shall be administered by JAMS in accordance with its Comprehensive Arbitration Rules and Procedures, and judgment on any award may be entered in any court of competent jurisdiction. If the Parties agree, a mediator may be consulted prior to arbitration. All claims shall be brought in the parties' individual capacity, and not as a plaintiff or class member in any purported class or representative proceeding. With respect to any matter relating to the intellectual property rights of CPI, such claim may be litigated in a court of competent jurisdiction. The prevailing party in any dispute arising out of this Agreement shall be entitled to reasonable attorneys' fees and costs.

10.5 NOTICE TO CALIFORNIA CUSTOMERS.

(a) California's Low Carbon Fuel Standard ("LCFS") was enacted to ensure that the mix of fuels sold by California oil refiners and distributors meets applicable greenhouse gas emissions targets. California has a statewide goal to reduce carbon intensity of transportation fuels by at least 10% by 2020.

(b) The ChargePoint Network can track the fueling of electric vehicles, which positively contributes to reducing California's carbon intensity. If applicable reporting requirements are met, LCFS credits are issued by the California Air Resources Board. An available LCFS credit may be claimed by certain owners and operators of electric vehicle charging stations, including both Subscriber and CPI. However, the LCFS credits are only available to one party, meaning any available credits may be claimed by either Subscriber or CPI, but not by both. CPI intends to claim available LCFS credits generated from use of the Charging Stations, but will not claim any available LCFS credits that Subscriber intends to claim.

If Subscriber intends to claim the LCFS credits, it must engage in the reporting and other administrative obligations necessary to generate such credits.

(c) Subscriber agrees that it will provide CPI with written notice of its intent to claim LCFS credits within ten (10) days of the date of the Effective Date. If Subscriber does not currently intend to claim the LCFS credits, but desires to do so at any time in the future, Subscriber may, by providing written notice to CPI, elect to claim LCFS credits generated thirty (30) days or more after the date of such notice. Subscriber represents and warrants to CPI that, in the absence of providing written notice, Subscriber will not claim any LCFS credits. All notices shall be provided by email to CPI at lcfnotification@chargepoint.com.

10.6 NOTICE TO OREGON CUSTOMERS

(a) Oregon's Clean Fuel Program ("OCFP") was created with the purpose of reducing greenhouse gas emissions in the transportation sector.

(b) The fueling of electric vehicles, and the operation of the ChargePoint Network, contributes to reducing Oregon's greenhouse gas emissions and is eligible for OCFP credits, which are issued by the Oregon Department of Environmental Quality. By reporting the amount of electric vehicle fueling, ChargePoint is able to help Oregon track the growing use of electric vehicles in the state, for which ChargePoint will receive OCFP credits.

(c) An available OCFP credit may be claimed by certain owners and operators of electric vehicle charging stations, including both Subscriber and CPI. However, the OCFP credits are only available to one party. This means any available credits may be claimed by either Subscriber or CPI, but not by both. CPI intends to claim available OCFP credits generated from use of the Charging Stations, but will not claim any available OCFP credits that Subscriber intends to claim.

(d) Subscriber agrees that it will provide CPI with written notice of its intent to claim OCFP credits within ten (10) days of the date of the Effective Date. If Subscriber does not currently intend to claim the OCFP credits, but desires to do so at any time in the future, Subscriber may, by providing written notice to CPI, elect to claim OCFP credits generated thirty (30) days or more after the date of such notice. Subscriber represents and warrants to CPI that, in the absence of providing written notice, Subscriber will not claim any OCFP credits. All notices shall be provided by email to CPI at lcfnotification@chargepoint.com.

10.7 NOTICE REGARDING RIN DATA. For Subscriber's located in the United States, CPI will participate in an application to the U.S. Environmental Protection Agency ("EPA") to permit vehicle charging data ("Charging Data") collected by CPI from centrally networked charging stations to be utilized in a process to generate an environmental credit called a Renewable Identification Number ("RIN") under the Renewable Fuel Standard program. CPI must establish its exclusive right to utilize the Charging Data and the associated environmental attributes underlying the charging events represented by the Charging Data (Charging Data and such environmental attributes referred to collectively as, the "RIN Data") for the purposes of RIN generation. Subscriber confirms that it will not pursue utilizing RIN Data for the purposes of RIN generation and that, as between Subscriber and CPI, CPI has the exclusive right to use the RIN Data for the purpose of RIN generation.

10.8 NOTICES. Other than the notices required in Sections 11.5 and 11.6, any notice required or permitted by this Agreement shall be sent (a) if by CPI, via electronic mail to the address indicated by Subscriber in Subscriber's ChargePoint Services account; or (b) if by Subscriber, via electronic mail to mssa@chargepoint.com.

10.9 INJUNCTIVE RELIEF. Subscriber acknowledges that damages for improper use of the ChargePoint Services may be irreparable; therefore, CPI is entitled to seek equitable relief, including but not limited to preliminary injunction and injunction, in addition to all other remedies.

10.10 SEVERABILITY. Except as otherwise specifically provided herein, if any term or condition of this Agreement or the application thereof to either Party will to any extent be determined jointly by the Parties or by any judicial, governmental or similar authority, to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to this Agreement, the Parties or circumstances other than those as to which it is determined to be invalid or unenforceable, will not be affected thereby.

10.11 ASSIGNMENT. Subscriber may not assign any of its rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of CPI (not to be unreasonably withheld). In the event of any purported assignment in breach of this Section, CPI shall be entitled, at its sole discretion, to terminate this Agreement upon written notice given to Subscriber. Subject to the foregoing, this Agreement shall bind and inure to the benefit of the parties, their respective successors and permitted assigns. CPI may assign its rights and obligations under this Agreement.

10.12 NO AGENCY OR PARTNERSHIP. CPI, in the performance of this Agreement, is an independent contractor. In performing its obligations under this Agreement, CPI shall maintain complete control over its employees, its subcontractors and its operations. No partnership, joint venture or agency relationship is intended by CPI and Subscriber to be created by this Agreement. Neither Party has any right or authority to assume or create any obligations of any kind or to make any representation or warranty on behalf of the other Party, whether express or implied, or to bind the other Party in any respect whatsoever.

10.13 ENTIRE AGREEMENT. This Agreement (including the attached Exhibits) contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes and cancels all previous and contemporaneous agreements, negotiations, commitments, understandings, representations and writings. All purchase orders issued by Subscriber shall state that such purchase orders are subject to all of the terms and conditions of this Agreement, and contain no other term other than the type of Cloud Plan, the number of Charging Stations for which such Cloud Plan is ordered, the term of such Cloud Plans and applicable Subscription Fees. To the extent of any conflict or inconsistency between the terms and conditions of this Agreement and any purchase order, the Agreement shall prevail. Notwithstanding any language to the contrary therein, no terms or conditions stated in any other documentation shall be incorporated into or form any part of this Agreement, and all such purported terms and conditions shall be null and void.

10.14 COPYRIGHT POLICIES. It is CPI's policy to respond to notices of alleged copyright infringement that comply with applicable international intellectual property law (including, in the United States, the Digital Millennium Copyright Act) and to terminate the accounts of repeat infringers.

10.15 THIRD PARTY RESOURCES. The ChargePoint Services may include hyperlinks to other websites or resources. CPI has no control over any web sites or resources that are provided by companies or persons other than CPI. Subscriber acknowledges and agrees that CPI is not responsible for the availability of any such web sites or resources, CPI does not endorse any advertising, products or other materials on or available from such web sites or resources, and CPI is not liable for any loss or damage that may be incurred by Subscriber as a result of any reliance placed by Subscriber on the completeness, accuracy or existence of any advertising, products, or other materials on, or available from, such websites or resources.

10.16 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute but one and the same document.

10.17 ENGLISH LANGUAGE AGREEMENT GOVERNS. Where CPI has provided Subscriber with a translation of the English language version of this Agreement, Subscriber agrees that the translation is provided for Subscriber's convenience only and that the English language version of this Agreement governs Subscriber's relationship with CPI. If there is any conflict between the English language version of this Agreement and such translation, the English language version will prevail.

City of Beaumont

Name: Rey Santos

Signature: _____

Title: Mayor

Date: _____

Address: 550 E 6th Street
Beaumont, CA 92223

ChargePoint, Inc.

Name: Henrik Gerdes

Signature: Henrik Gerdes
DocuSigned by: 0273ECE89F57429...

Title: Chief Accounting Officer

Date: 5/29/2020

Address: 254 E Hacienda Ave
Campbell, CA 95008

ATTEST:

By: _____
Steven Mehlman, City Clerk

APPROVED AS TO FORM:

By: _____
John O. Pinkney, City Attorney

EXHIBIT 1
FLEX BILLING TERMS

This Exhibit sets forth certain additional terms and conditions (“Flex Billing Terms”) pursuant to which Subscriber may charge Users fees for the use of Subscriber’s Charging Stations. In order to charge such fees, Subscriber must subscribe to a Cloud Plan that includes CPI’s management, collection and/or processing services related to such fees (“Flex Billing”).

1. **DEFINITIONS.** The following additional defined terms shall apply to these Flex Billing Terms:

1.1 **“CPI Fees”** means a fee, currently equal to ten percent (10%) of Session Fees, charged for a particular Session. CPI Fees are charged by CPI in exchange for its collection and processing of Session Fees on behalf of Subscriber. CPI will provide Subscriber with thirty (30) days prior written notice (which may include, without limitation, notice provided by CPI through its regular newsletter to Subscriber) of any increase in CPI Fees.

1.2 **“Net Session Fees”** means the total amount of Session Fees collected on behalf of the Subscriber by CPI, less CPI Fees and Taxes, if any, required by law to be collected by CPI from Users in connection with the use of Charging Stations. Except as required by law, Subscriber shall be responsible for the payment of all Taxes incurred in connection with use of Subscriber’s Charging Stations.

1.3 **“Session”** or **“Charging Session”** means the period of time during which a User uses Subscriber’s Charging Station to charge his or her electric vehicle for a continuous period of time not less than two (2) minutes commencing when a User has accessed such Charging Station and ending when such User has terminated such access.

1.4 **“Session Fees”** means the fees set by the Subscriber for a Charging Session, inclusive of any applicable Taxes.

2. **FLEX-BILLING SERVICE FOR CHARGING STATIONS.**

2.1. **SESSION FEES.** Subscriber shall have sole authority to determine and set Session Fees. Subscriber shall be solely responsible for determining and charging Session Fees in compliance with all applicable laws and regulations (including without limitation any restriction on Subscriber’s use of per-kWh pricing). Subscriber acknowledges that CPI is not responsible for informing Subscriber of applicable laws or changes thereto, and CPI will not be liable to Subscriber or any third party for any alleged or actual failure of Subscriber to comply with such applicable laws and regulations.

2.2 **DEDUCTIONS FROM SESSION FEES.** In exchange for CPI collecting Session Fees on behalf of the Subscriber, the Subscriber hereby authorizes CPI to deduct from all Session Fees collected: (i) CPI Fees and (ii) to the extent required by Section 3, applicable Taxes.

2.3 **PAYMENT TO SUBSCRIBER OF NET SESSION FEES.** CPI will remit Net Session Fees to Subscriber, not less than quarterly, provided that the amount due to Subscriber hereunder is at least two hundred and fifty U.S. Dollars (\$250) (or, if Subscriber is located in Canada, two hundred and fifty Canadian dollars) or more. Notwithstanding, the foregoing, CPI shall remit any unpaid Net Session Fees, regardless of the amount, to Subscriber at least annually and within thirty (30) days of the expiration or termination

of this Agreement. All payments shall be made by ACH. In order to facilitate such payments, Subscriber agrees to provide to CPI, or its payment provider, Subscriber's bank information to enable electronic remittance of the Net Session Fees. If the Subscriber requests payment in a manner other than ACH (e.g., check or wire transfer), Subscriber agrees to bear the reasonable costs related to such request.

3. TAXES. If applicable, Subscriber is responsible for setting pricing on a Tax inclusive basis. CPI is not responsible for remittance of any Taxes on behalf of Subscriber and Subscriber shall be responsible to report and remit any and all applicable taxes whether state, federal, provincial or otherwise; provided that CPI is solely responsible for all Taxes assessable based on CPI's income, property and employees. Where CPI is required by law to collect and/or remit the Taxes for which Subscriber is responsible, the appropriate amount shall be invoiced to Subscriber and deducted by CPI from Session Fees, unless Subscriber has otherwise provided CPI with proof of direct payment of such taxes, a valid tax or regulatory exemption certificate or authorization from the appropriate taxing or regulatory authority.

EXHIBIT 2
API TERMS

This Exhibit sets forth certain additional terms and conditions (“API Terms”) governing Subscriber’s use of the APIs in connection with Subscriber’s use of the ChargePoint Services. The API Terms are part of the Agreement, and all such use of the APIs remains subject to the Agreement terms.

1. ADDITIONAL DEFINITIONS. The following additional definitions shall apply to the API Terms.

1.1 “API Implementation” means a Subscriber software application or website that uses any of the APIs to obtain and display Content in conjunction with Subscriber Content and Services.

1.2 “API Documentation” means all Documentation containing instructions, restrictions or guidelines regarding the APIs or the use thereof, as amended and/or supplemented by CPI from time to time.

1.3 “CPI Site Terms” means the Terms and Conditions displayed on CPI’s website, governing use of CPI’s website and the ChargePoint Services by visitors who are not Cloud Plan subscribers.

2. API USE. Subscriber may use the APIs as and to the extent permitted by Subscriber’s Cloud Plan and the API Documentation, subject to the terms and conditions of the Agreement.

2.1 AVAILABLE APIs AND FUNCTION CALLS. The APIs give Subscriber access to information through a set of function calls. The particular APIs and API function calls made available by CPI from time to time (and the Content available through such APIs and function calls) will be limited by Subscriber’s Cloud Plan, and Subscriber’s particular Cloud Plan may not include all APIs and function calls then available from CPI.

2.2 USE AND DISPLAY OF CONTENT. Subscriber is permitted to access, use and publicly display the Content with Subscriber Content and Services in Subscriber’s API Implementation, subject to the following requirements and limitations.

(a) All Charging Station locations provided to Subscriber as part of the Content shall be clearly identified by Subscriber in Subscriber’s API Implementation as ChargePoint® Network Charging Stations and shall contain the Brand Identifiers required by the API Documentation. In no event shall Subscriber’s API Implementation identify or imply that any Charging Station is a part of any network of charging stations other than ChargePoint.

(b) Subscriber shall keep the Content used by Subscriber’s API Implementation current with Content obtained with the APIs to within every forty eight (48) hours.

(c) Content provided to Subscriber through the APIs may contain the trade names, trademarks, service marks, logos, domain names, and other distinctive brand features of CPI’s business partners and/or other third party rights holders of Content indexed by CPI, which may not be deleted or altered in any manner.

(d) Subscriber shall not:

- (i) pre-fetch, cache, or store any Content, except that Subscriber may store limited amounts of Content for the purpose of improving the performance of Subscriber's API Implementation if Subscriber does so temporarily, securely, and in a manner that does not permit use of the Content outside of the ChargePoint Service;
- (ii) hide or mask from CPI the identity of Subscriber's service utilizing the APIs, including by failing to follow the identification conventions listed in the API Documentation; or
- (iii) defame, abuse, harass, stalk, threaten or otherwise violate the legal rights (such as rights of privacy and publicity) of others.

2.3 REQUIRED INFORMATION. Subscriber must:

- (a) display to all viewers and users of Subscriber's API Implementation the link to the CPI Site Terms and Conditions as presented through the ChargePoint Services or described in the Documentation;
- (b) explicitly state in the use terms governing Subscriber's API Implementation that, by using Subscriber's API Implementation, such viewers and users are agreeing to be bound by the CPI Site Terms; and
- (c) include in Subscriber's API Implementation, and abide by, a privacy policy complying with all applicable laws; and
- (d) comply with all applicable laws designed to protect the privacy and legal rights of users of Subscriber's API Implementation.

2.4 REPORTING. Subscriber must implement reporting mechanisms, if any, that CPI requires in the API Documentation.

3. CPI BRANDING REQUIREMENTS AND RESTRICTIONS.

3.1 MANDATORY CPI BRANDING. Subject to Section 3.2 below and the restrictions on use of CPI Marks set forth in the Agreement, Subscriber agrees that each page comprising Subscriber's API Implementation will include a ChargePoint logo and will state that Subscriber's application or website is provided, in part, through the ChargePoint Services.

3.2 RESTRICTIONS. Subscriber shall not:

- (a) display any CPI Mark as the most prominent element on any page in Subscriber's API Implementation or Subscriber's website (except as used in connection with the display of Charging Stations); or
- (b) display any CPI Mark anywhere in Subscriber's API Implementation or on Subscriber's website if Subscriber's API Implementation or website contains or displays adult content or promotes illegal activities, gambling, or the sale of tobacco or alcohol to persons under twenty-one (21) years of age.

EXHIBIT 3
TERMS REGARDING GRANTING OF RIGHTS

This Exhibit sets forth certain additional terms and conditions applicable to Rights Grantors and Rights Grantees regarding the granting of Rights (“Rights Terms”). The Rights Terms are part of the Agreement, and all use of the ChargePoint Services permitted pursuant to the Rights Terms remains subject to the Agreement.

1. ADDITIONAL DEFINITIONS. The following additional definitions shall apply.

1.1 “Rights Grantor” means Subscriber.

1.2 “Rights Grantee” means any person to whom Subscriber has granted Rights. For purposes of this Agreement, a Subscriber shall be deemed to have granted Rights to the entity assisting Subscriber with creating its account and initiating Subscriber’s access to Services.

2. TERMS. This Section governs Subscriber’s granting of Rights as a Rights Grantor.

2.1 LIMITED RIGHTS. A Rights Grantee’s right to access and use the ChargePoint Services for and on behalf of a Rights Grantor is limited to the specific Rights granted by such Rights Grantor to such Rights Grantee. Such Rights may be limited according to the Cloud Plan(s) subscribed to by Subscriber. Subscriber may revoke Rights, or any portion thereof, it has granted to a Rights Grantee at will and such Rights will thereafter be terminated with respect to such Rights Grantee. In no event may Subscriber grant Rights in excess of those provided to it through the Cloud Plan(s) to which it has subscribed.

2.2 RESPONSIBILITY FOR AUTHORIZED USER. All use of the ChargePoint Services by a Rights Grantee exercising Rights granted by Subscriber shall be subject to the terms and conditions of the Agreement (including without limitation Subscriber’s indemnification obligation pursuant to Section 10 thereof). Subscriber shall be responsible for the actions, omissions, or performance of such Rights Grantee while exercising any such Rights, as if such action, omission or performance had been committed by Subscriber directly.

2.3 NO AGREEMENT. Subscriber acknowledges and agrees that the ChargePoint Services merely enable a Rights Grantor to extend Rights to Rights Grantees. The mere extension of such Rights by a Rights Grantor to a Rights Grantee does not constitute an agreement between Rights Grantor and the Rights Grantee with respect to the granted Rights or the exercise of such Rights by the Rights Grantee. CPI does not, either through the terms of the Agreement or the provision of ChargePoint Services undertake to provide any such agreement. It is the responsibility of the Rights Grantor and the Rights Grantee to enter into such an agreement on terms mutually acceptable to each. CPI expressly undertakes no liability with respect to such an agreement and Rights Grantor fully and unconditionally releases CPI from any liability arising out of such an agreement. Further Rights Grantor agrees to indemnify and hold CPI, its officers, directors, agents, affiliates, distribution partners, licensors and suppliers harmless from and against any and all claims, actions, proceedings, costs, liabilities, losses and expenses (including, but not limited to, reasonable attorneys’ fees) (collectively, “Claims”) suffered or incurred by such indemnified parties resulting from or arising out of such agreement.

Exhibit 4

ChargePoint Commercial CloudPlan

Features and Ordering Information

The ChargePoint® Commercial cloud plan makes it simple to manage stations with a real-time graphical dashboard and detailed map. Charging session analytics and reports simplify operations and satisfy management requests for information. Additional features for fleet managers make it easy to electrify fueling, including controlling access to chargers and integration with other fleet systems.

Power management software allows site administrators to maximize the number of charging ports they can deploy while still ensuring EV drivers get an adequate charge. Power management features can also be used to reduce electricity costs.

When demand for charging exceeds supply EV drivers have to contend for charging spots. Waitlist lets drivers tap their card at stations to get in a queue and receive notifications when a station is available. Stations are held until the next driver in line arrives to plug in.

Setting fees for charging allows electricity costs to be recovered and motivates drivers to move their vehicles when they're done charging to make room for another car. Seven pricing models meet any requirement and a wizard simplifies configuration.

Station owners who want to limit access to charging stations at their sites can take advantage of access controls that determine who can charge, and when.

Managing large charging networks can be challenging, especially when they're widely distributed. Features in the Commercial plan allow configuration of stations and reporting data to be securely delegated to third parties. Station managers also get access to support experts during business hours.

EV drivers who use connected stations get real-time availability of stations, simple navigation, the most convenient charging, tracking of their activity and reporting of helpful tips to assist other drivers. They also get 24-hour phone support so they're never stranded.

Full-color, high-resolution instructional (or promotional) videos for drivers can be downloaded to stations with displays.

More advanced cloud plans, available only when both parties execute an amendment to the Agreement with a simple upgrade, enable advanced analytics (with 15 minute reporting interval), integration with OpenADR and Building Management Systems through energy management APIs and many other useful capabilities to maximize station return on investment and the driver experience.

Commercial Cloud Plan Summary

Feature	Description
Flex Billing	Gives station managers the option to set prices that drivers pay to use their stations. Funds collected from drivers are electronically transferred to a designated bank account once a month. Different prices can be applied to different driver groups. Prices can be based on energy cost, duration, time of use or session. A pricing wizard is included with suggested pricing plans for different industries.
Waitlist	Lets drivers get in line to use ChargePoint stations.
Driver Access Controls	Empowers station managers to manage who can access their stations and when.

Administrative Controls (Rights Granting)	Allows secure delegation of configuration tasks and reports to third parties.
Roaming and Interoperability (where available)	Lets drivers of supported third-party networks use accessible ChargePoint stations with one card and one account.
Plug-and-Charge (supported stations only)	Authenticates vehicles automatically when they plug in (IEC 15118) based on ChargePoint driver account information.
Videos	Allows branded video content to be delivered to supported stations.
Power Management	Manages available power at a circuit, panel or site level so more charging stations can be installed without upgrading existing electrical facilities; also reduces electricity costs by managing the load.
Scheduled Charging	Schedules the time when charging starts to reduce electrical costs.

ChargePoint Commercial Cloud Plan

Commercial Cloud Plan Summary continued

Feature	Description
24/7 Driver Support	Assists EV drivers with questions about charging.
Station Manager Support	Supports station managers over the phone (5 AM – 6 PM PT) or via email.
Charging Data and Analytics	Reports on key station metrics, including status, power and energy use, charging session details and more.
Fleet Vehicle Management	Allows fleet managers to activate RFID cards for fleet vehicles and track their station usage by vehicle.
Fleet Ecosystem Integration	Integrates fleet telematics, fuel card and asset management systems.
Fleet Access Controls	Limits charging to authorized fleet vehicles.
Valet Dashboard	Notifies station managers when cars are done charging so they can be moved.
Power Select	Permits stations to be provisioned on smaller circuits without exceeding the rated capacity.
Network Connection	Enables 24/7 remote monitoring and status of stations.
Automatic Station Software Updates	Downloads software upgrades over the air so the latest features and performance enhancements are always available.
Station Inventory	Displays real-time station availability and details in a simple online dashboard.



Staff Report

TO: City Council
FROM: Sean Thuilliez, Chief of Police
DATE: July 7, 2020
SUBJECT: Analysis of Use of Force Policies of the Beaumont Police Department

Background and Analysis:

On Monday June 15, 2020, the California Attorney General (AG) issued a press release calling for broad police reforms. Within this document were nine specific recommendations for police departments to use to evaluate and amend their use of force policies. Omitted from this press release were the two landmark use of force and training bills passed in California – AB392 and SB230. These two pieces of legislation further advanced the national standard that California law enforcement continues to set in the arenas of training, use of force, and transparency in policing.

The following areas were identified by the AG – intervention, chokeholds and carotid restraints, de-escalation, proportionality, verbal warnings, moving vehicles, deadly force as last resort, comprehensive reporting, and canine use. This report focuses on comparing the AG’s recommendations to the policies of the Beaumont Police Department (BPD).

Intervention

The AG summarizes as, “... all agencies should have a policy requiring officers to intervene to stop another officer from using excessive or unnecessary force.” BPD policy states, “*Policy 300.2.1 DUTY TO INTERCEDE - Any officer present and observing another officer using force that is clearly beyond that which is objectively reasonable under the circumstances shall, when in a position to do so, intercede to prevent the use of unreasonable force. An officer who observes another employee use force that exceeds the degree of force permitted by law should promptly report these observations to a supervisor.*”

Ban Chokeholds and Carotid Restraints

The AG summarizes as, “All agencies should have a policy prohibiting the use of chokeholds, strangleholds, carotid restraints, or other restraints, or body positioning that

is designed to, or which may foreseeably result in, the cutting off of blood or oxygen to the person.”

BPD policy states, “*Policy 303.3.4 Carotid Control Hold – This policy has been removed from BPD policy.*”

De-escalation

The AG summarizes as, “... all agencies should require officers to de-escalate situations, when possible, before using force.”

BPD Policy states, “*Policy 466.6 De-Escalation – Officers should consider that taking no action or passively monitoring the situation may be the most reasonable response to a mental health crisis. Once it is determined that a situation is a mental health crisis and immediate safety concerns have been addressed, responding members should be aware of the following considerations and should generally,*” and

“*Policy 308.9 Kinetic Energy Projectile Guidelines – This department is committed to reducing the potential for violent confrontations. Kinetic energy projectiles, when used properly, are less likely to result in death or serious physical injury and can be used in an attempt to de-escalate a potentially deadly situation.*”

Proportionality

The AG summarizes as, “All agencies should provide express guidance on proportionality to ensure officers understand the relationship that should exist between the force they use, and the threat presented in a particular situation. The guidance may include adopting a spectrum, chart, chart, or matrix, which can take the form of a graphical representation.”

BPD Policy states, “*Policy 300.4 Deadly Force Applications – If an objectively reasonable officer would consider it safe and feasible to do so under the totality of the circumstances, officers should evaluate the use of other reasonably available resources and techniques when determining whether to use deadly force. The use of deadly force is only justified in the following circumstances (Penal Code § 835a). Refer to attached policy for further restrictions on the use of deadly force.*”

Verbal Warnings

The AG summarizes as, “All agencies should require officers to give verbal warning, when feasible, before using force, whether lethal or less-lethal.”

BPD Policy states, “*Policy 308.9.2 Control Devices – Control devices may be used when a decision has been made to control, restrain or arrest a subject who is violent or*

who demonstrates the intent to be violent, and the use of the device appears reasonable under the circumstances. When reasonable, a verbal warning and opportunity to comply should precede the use of these devices.”

Moving Vehicles

The AG summarizes as, “... all agencies should prohibit officers from discharging a firearm at the operator or occupant of a moving vehicle unless the operator or occupant poses an imminent threat of death or serious bodily injury to the public or officer. All agencies should also prohibit officers from discharging a firearm from their moving vehicle, providing only for exceptions that require such actions to end an imminent threat to human life.”

BPD policy states, “Policy 300.4.1 Shooting At Or From Moving Vehicles – Shots fired at or from a moving vehicle are rarely effective. Officers should move out of the path of an approaching vehicle instead of discharging their firearm at the vehicle or any of its occupants. An officer should only discharge a firearm at a moving vehicle or its occupants when the officer reasonably believes there are no other reasonable means available to avert the threat of the vehicle, or if deadly force other than the vehicle is directed at the officer or others. Officers should not shoot at any part of a vehicle in an attempt to disable the vehicle.”

Deadly Force as Last Resort

The AG summarizes as, “... consistent with the core concepts of de-escalation, necessity, and proportionality, all agencies should require that deadly force be used only as a last resort when feasible alternatives have been exhausted or are not feasible to protect the safety of the public and police officers.”

BPD policy states, “Policy 300.2 Use of Force – The use of force by law enforcement personnel is a matter of critical concern, both to the public and to the law enforcement community. Officers are involved on a daily basis in numerous and varied interactions and, when warranted, may use reasonable force in carrying out their duties. Officers must have an understanding of, and true appreciation for, their authority and limitations. This is especially true with respect to overcoming resistance while engaged in the performance of law enforcement duties. The Department recognizes and respects the value of all human life and dignity without prejudice to anyone. Vesting officers with the authority to use reasonable force and to protect the public welfare requires monitoring, evaluation and a careful balancing of all interests,” and

“Policy 300.3.2 Factors Used to Determine the Reasonableness of Force – When determining whether to apply force and evaluating whether an officer has used

reasonable force, a number of factors should be taken into consideration, as time and circumstances permit.”

Comprehensive Reporting

The AG summarizes as, “... all agencies should create a general order dedicated to use of force reporting and investigations, requiring comprehensive reporting that includes both uses of force and threats of force.”

BPD policy states, “Policy 300.5 Reporting the Use of Force – Any use of force by a member of this department shall be documented promptly, completely and accurately in an appropriate report, depending on the nature of the incident. The officer should articulate the factors perceived and why he/she believed the use of force was reasonable under the circumstances. To collect data for purposes of training, resource allocation, analysis and related purposes, the Department may require the completion of additional report forms, as specified in department policy, procedure or law.”

Canine Use

The AG summarizes as, “... all agencies should discontinue the use of ‘find and bite’ and ‘bite and hold’ techniques and instead implement ‘find and bark’ or ‘circle and bark’ techniques, where canines are trained and deployed to alert by barking, rather than biting a suspect as a first response, and then circling and barking until the handler takes control.”

BPD Policy - Currently the BPD does not deploy handler protection canines or police service dogs (PSD)s. However, the Department is not in agreement with the AG recommendation based on current case law; the courts have opined on many cases that the use of police dogs does not constitute deadly force, further stating that the use of police dogs trained in the “bite and hold” technique generally does not constitute deadly force.

Fiscal Impact:

None

Recommended Action:

Receive and file.



Staff Report

TO: City Council
FROM: Todd Parton, City Manager
DATE: July 7, 2020
SUBJECT: Proposed Refunding of Outstanding Bonds Related to Improvement Areas 8C and 17B of Community Facilities District No. 93-1

Background and Analysis:

In 1993, the City of Beaumont formed Community Facilities District No. 93-1 (“CFD” or “District”) and established 13 original improvement areas. Over the years, the City has established additional improvement areas in the District, including 8C and 17B, for which bonds (“Outstanding Bonds”) were subsequently issued to finance public improvements.

On March 3, 2020, staff and its financing team presented City Council (“Council”) with an opportunity to refinance outstanding bonds associated with the following five improvement areas of CFD 93-1: 7B, 7C, 8C, 17B and 20. At that time, Council approved moving forward with the refinancing opportunity, establishing a net present value (“NPV”) savings threshold of 7% (dollar amount of NPV savings as measured against the par amount of the Outstanding Bonds). At Council’s direction, staff and its financing team began preparing legal documents with the goal to return before Council in the following month to seek final approval for the issuance of refunding bonds.

The outbreak of COVID-19 and its impact on the global economy led to significant market volatility (causing a spike in municipal interest rates) in mid-March and April. The refinancing was put on-hold until such time that the municipal market stabilized. In the weeks that followed, the Federal Reserve and US government undertook unprecedented measures to alleviate volatility and as a result, the municipal market has calmed and interest rates have nearly returned to pre-COVID-19 outbreak levels.

Given the return to more ‘normal’ market conditions, there remains an opportunity to refinance the bonds associated with Improvement Areas 8C and 17B to generate savings for property owners. The bond issues associated with the three other improvement areas (7B, 7C and 20) did not meet Council’s NPV threshold of 7%.

- **Improvement Area (“IA”) 8C:** In March 2012, the Beaumont Financing Authority (“BFA”) issued the 2012 Local Agency Revenue Bonds, Series A (“2012A Bonds”) in the par amount of \$5,605,000 to finance improvements in IA-8C, which is located in the Sundance master planned community. Currently, there is \$5,605,000 of par outstanding. The 2012A Bonds were structured with a final term of 2042 and a final interest rate of 5.875%. The optional call date of the 2012A Bonds is September 1, 2022.
- **IA-17B:** In December 2011, the BFA issued the 2011 Local Agency Revenue Bonds, Series A (“2011A Bonds”) in the par amount of \$12,145,000 to finance improvements in IA-17B, which is located in the Tournament Hills master planned community. Currently, there is \$11,930,000 of par outstanding. The 2011A Bonds were structured with a final term of 2042 and a final interest rate of 6.375%. The optional call date of the 2011A Bonds is September 1, 2021.

A more detailed overview of the Outstanding Bonds and the underlying improvement areas is provided below.

Outstanding Bonds: Improvement Areas 8C and 17B

<u>Issue</u>	<u>Area</u>	<u>Parcels</u>	<u>Date</u>	<u>Par Value</u> <u>Outstanding</u>	<u>Final</u> <u>Term</u>	<u>Final</u> <u>Rate</u>	<u>Optional Call</u>	<u>Ratings</u>
2011A Bonds	IA-17B	388	Dec 2011	\$11,930,000	2042	6.375%	Sept 1, 2021	Non-
2012A Bonds	IA-8C	<u>686</u>	Mar 2012	<u>5,605,000</u>	2042	5.875%	Sept 1, 2022	Rated
TOTALS		1,074		\$17,535,000				

As mentioned in the March 3, 2020, staff report the Tax Cuts and Jobs Act of 2017 (the “Act”) eliminated the tax exemption for interest on advance refunding bonds (refunding bonds issued more than 90 days before the optional call date). As such, the proposed bonds contemplate refinancing the Outstanding Bonds on a taxable basis. Refinancing the Outstanding Bonds today on a taxable basis does not preclude the City from refinancing on a tax-exempt basis in the future. As a side note, given the favorable taxable interest rate environment, many issuers have pursued taxable advance refundings since the Act passed in 2017.

Council (acting as the legislative body of CFD 93-1), the BFA (as issuer of the Outstanding Bonds), and the Beaumont Public Improvement Authority (as issuer of the refunding bonds), are being asked to approve the issuance of refunding bonds and all related documents, as further described herein. If the refinancing is approved City staff will work with the financing team on finalizing all legal documents and the preliminary official statement with the goal of pricing the refunding bonds sometime over the next two weeks.

Given the opportunity to strengthen the underlying credit of the refunding bonds and achieve economies of scale, the refunding contemplates an issuance through the Beaumont Public Improvement Authority (“PIA”). This structure is similar to the one utilized by the City in August 2019, for the Local Agency Refunding Bonds, Series 2019A, which ended up saving individual homeowners nearly \$2.0 million in interest costs over a 13-year period.

The proposed Beaumont PIA Local Agency Revenue Refunding Bonds, Series 2020A (Federally Taxable) (“2020 Refunding Bonds”) would be in a par amount of approximately \$17.5 million with a final maturity in 2042. However, each underlying obligation would maintain the same final maturity for each of the improvement areas under consideration. In other words, there will be no extension of the original terms. The final interest rate structure will be determined if, and when, the 2020 Refunding Bonds are priced and sold, assuming interest rates result in the City meeting its savings threshold.

Over the last month, in addition to monitoring savings, City staff and its financing team have evaluated the ability to remove the escalating debt service structure in both improvement areas, thereby ‘leveling out’ payments by homeowners over time, the results of which are illustrated below. Staff requests that Council provide direction on removing the escalating debt structure.

While the Outstanding Bonds are not currently rated, the 2020 Refunding Bonds are expected to qualify for an investment grade rating and bond insurance, which would lead to a lower cost of borrowing (and potentially more savings to property owners). Furthermore, the 2020 Refunding Bonds may also qualify for a reserve fund surety policy. With a reserve fund surety policy, the 2020 Refunding Bonds would not need to cash fund a debt service reserve (estimated to be \$2.0 million) as part of the issuance. This would enable the City to downsize the 2020 Refunding Bonds, lower annual payments and increase savings to property owners.

Based on taxable interest rates as of June 23, 2020, total savings over the life of the 2020 Refunding Bonds are estimated to be \$7.4 million, assuming the City were to maintain the current escalating debt structure. This translates to annual savings per parcel ranging of \$135 in IA-8C and \$630 in IA-17B. Net present value (NPV) savings are estimated to be \$2.7 million. As measured against the par value of the Outstanding Bonds, NPV savings reflect 15.4%, well above the City’s required threshold. Government Finance Officers Association (GFOA) Best Practices recommends NPV savings of at least 3-5% to warrant refinancing.

While overall savings are higher under the option 'Removing Escalating Structure', there are dissavings to property owners over the first 6 years in IA-8C, as illustrated below.

Please note that Council has the option to remove the escalating structure in one improvement area (e.g., IA-17B) and maintain such structure in the other improvement area (e.g., IA-8C).

Estimated savings are net of all financing costs (including the cost of procuring bond insurance and a reserve fund surety policy). The table below highlights detailed savings based on current interest rates. Good Faith Estimates, as required by Government Code Section 5852.1, are provided as Attachment L to this staff report. For purposes of the Good Faith Estimates, the more conservative of the two scenarios ('Maintaining Escalating Structure') is provided.

	Maintaining Escalating Structure			Removing Escalating Structure		
	IA-17B	IA-8C	TOTALS	IA-17B	IA-8C	TOTALS
Parcels	388	686	1,074	388	686	1,074
NPV Savings (\$)	\$2,213,029	\$488,702	\$2,701,731	\$2,365,195	\$605,288	\$2,970,483
NPV Savings (%)	18.55%	8.72%	15.41%	19.83%	10.80%	16.94%
Annual Savings (2021-Mat)	\$244,538	\$92,707	\$337,244	\$281,828	\$134,050	\$415,877
Annual Savings Per Parcel	\$630.25	\$135.14	\$314.01	\$726.36	\$195.41	\$387.22
Aggregate Savings	\$5,379,830	\$2,039,543	\$7,419,374	\$6,200,206	\$2,949,097	\$9,149,303
Detail of Annual Savings to Property Owners						
2021	\$251,197	\$94,753	\$345,950	\$85,044	-\$165,989	-\$80,945
2022	247,382	91,180	338,562	97,265	-142,416	-45,151
2023	249,297	90,429	339,726	112,225	-103,556	8,669
2024	250,751	94,490	345,241	136,847	-75,079	61,768
2025	246,265	93,213	339,478	155,449	-41,883	113,566
2026	251,313	91,864	343,177	168,410	-9,038	159,372
2027	250,533	90,271	340,803	190,665	28,164	218,829
2028	252,495	93,547	346,041	210,357	79,580	289,937
2029	248,440	91,358	339,798	228,725	114,386	343,111
2030	253,337	94,040	347,378	255,540	153,101	408,641
2031	246,799	91,127	337,925	270,374	190,187	460,561
2032	250,149	93,390	343,539	289,561	226,111	515,672
2033	250,510	95,373	345,883	310,257	270,581	580,838
2034	253,705	91,585	345,290	338,117	262,773	600,891
2035	249,566	92,672	342,238	357,806	269,840	627,646
2036	248,110	93,338	341,448	374,340	271,151	645,491
2037	248,506	94,690	343,196	396,520	272,076	668,596
2038	251,450	90,655	342,105	425,243	272,413	697,656
2039	251,623	91,342	342,965	449,989	272,070	722,059
2040	208,907	90,883	299,790	450,640	265,380	716,020
2041	210,381	93,987	304,368	448,471	272,253	720,724
2042	<u>209,118</u>	<u>95,359</u>	<u>304,477</u>	<u>448,364</u>	<u>266,992</u>	<u>715,356</u>
Totals	\$5,379,830	\$2,039,543	\$7,419,374	\$6,200,206	\$2,949,097	\$9,149,303

All Numbers are Preliminary and are Subject to Change.

The attached resolutions for the PIA and BFA authorize and approve the issuance of the 2020 Refunding Bonds, subject to the compliance of certain criteria, including that: (i) the aggregate principal amount of the 2020 Refunding Bonds does not exceed \$20.0 million (\$20,000,000); (ii) the principal amount of the underlying improvement areas do not exceed \$13.0 million (\$13,000,000) for IA-17B and \$7.0 million (\$7,000,000) for IA-8C; (iii) the NPV % savings does not fall below 7.0%; and (iii) the Underwriter's Discount does not exceed 1.21% of the aggregate principal amount of the 2020 Refunding Bonds.

Documents Subject to Approval

Approval of the Resolutions authorize the execution of the following documents:

- **Preliminary Official Statement:** The document pursuant to which the 2020 Refunding Bonds will be offered for purchase by investors. This document must contain all facts material to the 2020 Refunding Bonds and the City (with certain permitted exceptions to be completed in the final Official Statement) and must not omit any such material facts;
- **Bond Purchase Agreement:** This document contains the obligation of the underwriter to accept and pay for the 2020 Refunding Bonds, provided that all of the covenants and representations of the PIA and the City are met and certain other conditions excusing performance by the underwriter do not exist;
- **Escrow Agreements:** These documents contain terms by which the Trustee will hold 2020 Refunding Bond proceeds on the behalf of the owners of the 2011A and 2012A Bonds to pay and discharge the Outstanding Bonds on the redemption date;
- **Indenture of Trust (PIA):** This document contains the terms of the 2020 Refunding Bonds, including payment and redemption provisions, definition and pledge of Revenues to pay the 2020 Refunding Bonds, Rights and Duties of the Trustee, remedies upon a default in the payment of the 2020 Refunding Bonds, and final discharge of the 2020 Refunding Bonds and other related matters;
- **Indenture of Trust (IA-17B) and Supplemental Indenture of Trust (IA-8C):** These documents contain the terms of the refunding bonds in connection with the underlying improvement areas, including payment and redemption provisions, definition and pledge of revenues to pay the underlying obligations, Rights and Duties of the Trustee, remedies upon a default in the payment of the underlying obligations, and final discharge of the underlying obligations and other related matters; and
- **Continuing Disclosure Agreement:** Executed for the benefit of bondholders, the Continuing Disclosure Agreement obligates the PIA to file an annual report that includes, among other things, the most recent audited financial statements of the City and financial data of the underlying improvement areas. The PIA is also

required to report certain events that are significant to bondholders, if, and when they occur.

These documents listed above have been reviewed by staff and its financing team.

Fiscal Impact:

If, and when, the 2020 Refunding Bonds price, the property owners are estimated to save between \$135 (IA-8C) to \$630 (IA-17B) per parcel annually through 2042 (reflective of the 'Maintaining Escalating Structure' scenario), as previously illustrated, based on current market conditions. The savings quoted above are net of all financing costs (including the cost of purchasing bond insurance and a reserve fund surety policy).

Recommended Action:

Waive the Full Reading and Adopt by Title Only, "A Resolution of the City Council of the City of Beaumont Acting as Legislative Body of Community Facilities District No. 93-1, Authorizing the Issuance of Special Tax Refunding Bonds and Taking Other Actions in Connection Therewith" and Recess the City Council Meeting,

Convene a Meeting of the Board of Directors of the Beaumont Financing Authority and Waive the Full Reading and Adopt by Title Only, "A Resolution of the Board of Directors of the Beaumont Financing Authority Approving the Execution of Escrow Agreements in Connection with the Refunding of Certain Local Agency Revenue Bonds of the Authority and Special Tax Bonds of the City of Beaumont Community Facilities District No. 93-1, and Taking Certain Other Actions in Connection Therewith", and Adjourn the Board Meeting,

Convene a Meeting of the Board of Directors of the Beaumont Public Improvement Authority and Waive the Full Reading and Adopt by Title Only, "A Resolution of the Board of Directors of the Beaumont Public Improvement Authority, Riverside County, California, Authorizing the Issuance of its Local Agency Refunding Bonds, in One or More Series, in an Aggregate Principal Amount of Not-to-Exceed Twenty Million Dollars (\$20,000,000) and Approving Certain Documents and Taking Other Actions in Connection Therewith" and Adjourn the Board Meeting and Reconvene the City Council Meeting, and

Provide Direction to Staff and Financing Team on 'Debt Service Structure' as Discussed Herein.

Attachments:

- A. City Resolution No. 2020-__
- B. BFA Resolution No. 2020-__
- C. PIA Resolution No. 2020-__
- D. Indenture of Trust (PIA)
- E. Indenture of Trust (17B)
- F. Supplemental Indenture of Trust (IA-8C)
- G. Escrow Agreement (17B)
- H. Escrow Agreement (8C)
- I. Preliminary Official Statement
- J. Bond Purchase Agreement
- K. Continuing Disclosure Agreement
- L. Good Faith Estimates

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. 93-1, AUTHORIZING THE ISSUANCE OF SPECIAL TAX REFUNDING BONDS AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the City Council of the City of Beaumont (the “City”), located in Riverside County, California (hereinafter sometimes referred to as the “legislative body of the District”), has heretofore undertaken proceedings to form the City of Beaumont Community Facilities District No. 93-1 (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, the District has previously issued the following bonds (collectively, the “Prior Bonds”) to finance or refinance certain public improvements for the benefit of Improvement Area Nos. 8C and 17B of the District:

- 1) City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2012 Series A (Improvement Area No. 8C) (the “Prior Improvement Area No. 8C Bonds”); and
- 2) City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series A and 2011 Series B (Improvement Area No. 17B) (the “Prior Improvement Area No. 17B Bonds”).

WHEREAS, the legislative body of the District now desires to refund the Prior Bonds through the issuance of bonds as follows:

- 1) City of Beaumont Community Facilities District No. 93-1 2020 Special Tax Refunding Bonds (Improvement Area No. 8C) (the “Improvement Area No. 8C 2020 Bonds”) in an aggregate principal amount not to exceed \$7,000,000 for the purpose of refunding the Prior Improvement Area No. 8C Bonds; and
- 2) City of Beaumont Community Facilities District No. 93-1 2020 Special Tax Refunding Bonds (Improvement Area No. 17B) (the “Improvement Area No. 17B 2020 Bonds” and together with the Improvement Area No. 8C 2020 Bonds, the “2020 Bonds”) in an aggregate principal amount not to exceed \$13,000,000 for the purpose of refunding the Prior Improvement Area No. 17B Bonds.

WHEREAS, in order to effect the issuance of the Improvement Area No. 8C 2020 Bonds, the legislative body of the District desires to enter into a Thirty-Seventh Supplemental Indenture of Trust (the “Thirty-Seventh Supplemental Indenture”), in substantially the form presented herewith, which is supplemental to the Indenture dated as of January 15, 1994, as amended to the date hereof, by and between the District and Wilmington Trust, National Association (the “1994 Indenture and together with the Thirty-Seventh Supplemental Indenture, the “Improvement Area No. 8C Indenture”), as trustee thereunder;

WHEREAS, the Improvement Area No. 8C 2020 Bonds will be payable from special taxes levied within Improvement Area No. 8C of the District on a parity with the District’s outstanding Special Tax Refunding Bonds, 2017 Series A (Improvement Area No. 8C) and Special Tax Bonds, 2018 Series A (Improvement Area No. 8C);

WHEREAS, in order to effect the issuance of the Improvement Area No. 17B 2020 Bonds, the legislative body of the District desires to enter into a Bond Indenture (the “Improvement Area No. 17B Indenture”), by and between the District and Wilmington Trust, National Association, as trustee thereunder, in substantially the form presented herewith; and

WHEREAS, in order to effect the refunding and redemption of the Prior Bonds, the legislative body of the District desires to enter into one or more Escrow Agreements (the “Escrow Agreements”), by and among the District, the Beaumont Financing Authority and Wilmington Trust, National Association, as Escrow Agent (the “Escrow Agent”), in substantially the forms presented herewith; and

WHEREAS, the legislative body of the District has determined in accordance with Section 53360.4 of the Code that a negotiated sale of the 2020 Bonds to the Beaumont Public Improvement Authority (the “Authority”) in accordance with the terms of the Bond Purchase Agreement to be entered into by and among the Authority, the District and Stifel Nicolaus & Company, Incorporated (the “Bond Purchase Agreement”) approved as to form by this legislative body herein will result in a lower overall cost to the District than a public sale; and

WHEREAS, the legislative body of the District has determined that it is prudent in the management of its fiscal affairs to issue the 2020 Bonds and to sell such 2020 Bonds to the Authority; and

WHEREAS, the Authority will issue its bonds (the “Authority Bonds”) to provide funds for its purchase of the 2020 Bonds; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY, ACTING AS THE LEGISLATIVE BODY OF THE DISTRICT, DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. Each of the above recitals is true and correct.

SECTION 2. The legislative body of the District is authorized pursuant to the Act to issue the 2020 Bonds for the benefit of the District for purposes set forth herein and to take the necessary steps to refund and redeem the Prior Bonds.

SECTION 3. The issuance of each series of the 2020 Bonds in the aggregate principal amount not to exceed the applicable amounts set forth in the whereas recitals above is hereby authorized with the exact principal amount of each series to be determined by the official signing the Bond Purchase Agreement in accordance with Section 6 below. The legislative body of the District hereby determines that it is prudent in the management of its fiscal affairs to issue the 2020 Bonds. The 2020 Bonds shall mature on the dates and pay interest at the rates set forth in the Bond Purchase Agreement to be executed on behalf of the District in accordance with Section 6 hereof.

The Improvement Area No. 8C 2020 Bonds shall be governed by the terms and conditions of the form Improvement Area No. 8C Indenture. The Improvement Area No. 17B 2020 Bonds shall be governed by the terms and conditions of the form Improvement Area No. 17B Indenture.

Each of the Thirty-Seventh Supplemental Indenture and the Improvement Area No. 17B Indenture shall be executed by one or more of the Mayor and the City Clerk of the legislative body of the District, the City Manager, the Assistant City Manager, the Finance Director, and their written designees (collectively, the “Authorized Officers”) substantially in the forms presented at this meeting, with such additions thereto and changes therein as the officer or officers executing the same deem necessary, including to cure any ambiguity or defect therein, 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 6 hereof, to conform any provisions therein to the Indenture for the Authority Bonds. Approval of such changes shall be conclusively evidenced by the execution and delivery of each of the Thirty-Seventh Supplemental Indenture and the Improvement Area No. 17B 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 Improvement Area No. 8C Indenture or the Improvement Area No. 17B Indenture, as applicable.

In satisfaction of the requirements contained in Section 53363.2 of the Act, the legislative body of the District hereby determines that: (1) it is anticipated that the purchase of the 2020 Bonds will occur on or about July 30, 2020 (2) each series of 2020 Bonds shall be dated, be in the denominations, have the maturity dates (which do not exceed the latest maturity date of the related series of Prior Bonds being refunded), and be payable at the place and be in the form specified in the Thirty-Seventh Supplemental Indenture and the Improvement Area No. 17B Indenture, as applicable, (3) each series of the 2020 Bonds will bear interest at the minimum rate of 0.10% per annum, and (4) the designated cost of issuing each series of the 2020 Bonds being used to refund the related series of Prior Bonds, as defined by Section 53363.8 of the Act, shall include all of the costs specified in Section 53363.8(a), (b)(2) and (c) of the Act.

In satisfaction of the requirements contained in Section 53364.2 of the Act, the legislative body of the District hereby determines that any savings achieved through the issuance of the Improvement Area No. 8C 2020 Bonds shall be used to reduce special taxes of Improvement Area 8C and any savings achieved through the issuance of the Improvement Area No. 17B 2020 Bonds shall be used to reduce special taxes of Improvement Area 17B 2020 Bonds, and such reductions shall be made in accordance with the Act.

SECTION 4. The 2020 Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Mayor of the legislative body of the District, and the seal of the City of Beaumont, or a facsimile thereof, shall be impressed or imprinted thereon and attested with the manual or facsimile signature of the City Clerk of the legislative body of the District. Wilmington Trust, National Association is hereby appointed to act as Trustee for the 2020 Bonds.

SECTION 5. The covenants set forth in the Improvement Area No. 8C Indenture and the Improvement Area No. 17B Indenture in accordance with Section 3 above are hereby approved, 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 6. The forms of the Bond Purchase Agreement and the Preliminary Official Statement presented herewith are hereby approved; and any one of the Authorized Officers is hereby authorized and directed, for and in the name of the District, to execute the Bond Purchase Agreement substantially in the form approved, with such additions thereto and changes therein as may be approved or required by an Authorized Officer, including changes relating to dates and numbers as are necessary to conform the Bond Purchase Agreement to the dates, amounts and interest rates applicable to the 2020 Bonds as of the sale date. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement; provided, however, that the Bond Purchase

Agreement shall be signed only if, (i) the principal and total net interest cost to maturity on the Improvement Area No. 8C 2020 Bonds is less than the principal and total net interest cost to maturity of the Prior Improvement Area No. 8C Bonds being refunded; (ii) the principal and total net interest cost to maturity on the Improvement Area No. 17B 2020 Bonds is less than the principal and total net interest cost to maturity of the Prior Improvement Area No. 17B Bonds being refunded; and (iii) the net present value of the debt service savings resulting from the issuance of the 2020 Bonds is equal to or greater than seven percent (7%) of the principal amount of the Prior Bonds. Stifel Nicolaus & Company, Incorporated is hereby authorized to distribute the Official Statement (in both preliminary and final forms) to prospective purchasers, and an Authorized Officer is hereby authorized to certify to Stifel Nicolaus & Company, Incorporated prior to the distribution of the Official Statement in preliminary form that such Official Statement is deemed final by the District within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, as amended.

SECTION 7. The forms of the Escrow Agreements presented at this meeting are hereby approved and any one of the Authorized Officers is hereby authorized and directed, for and in the name of the District, to execute and the City Clerk, or his or her written designee, is authorized to attest to the Escrow Agreements, with such additions thereto and changes therein as may be approved or required by an Authorized Officer, including changes to conform to the final pricing of the escrow investments and to clarify any ambiguities; provided that the form of Escrow Agreements may be modified to conform to federal tax law requirements or to achieve further savings, with the advice and assistance of Bond Counsel, such approval to be conclusively evidenced by the execution of the Escrow Agreements by an Authorized Officer. Wilmington Trust, National Association is hereby appointed to act as Escrow Agent under the Escrow Agreements. The Authorized Officers are hereby authorized to execute as many Escrow Agreements as are necessary to effect the refunding of the Prior Bonds.

SECTION 8. In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the Fiscal Year 2019-20 assessed value of the real property in each of Improvement Area No. 8C and Improvement Area No. 17B subject to the special tax to pay debt service on the applicable series of 2020 Bonds is at least three times the maximum principal amount of such series of 2020 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 Improvement Area No. 8C and Improvement Area No. 17B, as applicable.

SECTION 9. Each of the Authorized Officers are authorized, but not required, to cooperate with the Authority so that the Authority may obtain a rating of the Authority Bonds from a nationally recognized rating service and to obtain a municipal bond insurance policy guaranteeing payment of principal and interest with respect to some or all of the Authority Bonds and/or a debt service reserve policy with respect to the Authority Bonds. The Authorized Officers are hereby further authorized to revise any of the documents referenced herein, or any related documents, to incorporate any provisions required in order to obtain such a municipal bond insurance policy and/or a debt service reserve policy.

SECTION 10. The Authorized Officers are each authorized to provide for all services necessary to effect the issuance of the 2020 Bonds. Such services shall include, but not be limited to, obtaining legal services, trustee services and any other services deemed appropriate as set forth in a certificate of an Authorized Officer. The Authorized Officers are authorized to pay for the cost of such services, together with other costs of issuance from 2020 Bond proceeds, including premium costs for a municipal bond insurance policy and for a debt service reserve policy.

SECTION 11. All actions heretofore taken by officers and agents of the District and the City with respect to the sale and issuance of the 2020 Bonds and the Authority Bonds are hereby approved, confirmed and ratified, and the Mayor and City Clerk of the legislative body of the District, the City

Manager, the Assistant City Manager, the Finance Director, and the other officers and staff of the City and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the 2020 Bonds and the Authority Bonds in accordance with the provisions of this Resolution and the fulfillment of the purposes of the 2020 Bonds as described in the Improvement Area No. 8C Indenture and the Improvement Area No. 17B Indenture. In the event that the Mayor of the legislative body of the District is unavailable to sign any document authorized for execution herein, any other member of the legislative body of the District or the City Manager, the Assistant City Manager or the Finance Director or their written designee, may sign such document. Any document authorized herein to be signed by the City Clerk of the legislative body of the District may be signed by a duly appointed deputy or assistant City clerk.

SECTION 12. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 7th day of July, 2020.

Rey Santos, Mayor of the City of Beaumont, acting in its capacity as the legislative body of the City of Beaumont Community Facilities District No. 93-1

(SEAL)

ATTEST:

Nicole Wheelwright, Assistant City Clerk of the City of Beaumont, acting in its capacity as the legislative body of the City of Beaumont Community Facilities District No. 93-1

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, Nicole Wheelwright, Assistant City Clerk of the City of Beaumont, do hereby certify that the foregoing resolution was duly adopted by the City Council of said City, acting in its capacity as the legislative body of the City of Beaumont Community Facilities District No. 93-1, at a regular meeting of said Board held on the 7th day of July, 2020, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

Nicole Wheelwright, Assistant City Clerk
City of Beaumont

(SEAL)

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, Nicole Wheelwright, Assistant City Clerk of the City of Beaumont, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. ____, of said City Council, acting in its capacity as the legislative body of the City of Beaumont Community Facilities District No. 93-1, and that the same has not been amended or repealed.

DATED: _____, 2020

Nicole Wheelwright, Assistant City Clerk
City of Beaumont

(SEAL)

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BEAUMONT FINANCING AUTHORITY APPROVING THE EXECUTION OF ESCROW AGREEMENTS IN CONNECTION WITH THE REFUNDING OF CERTAIN LOCAL AGENCY REVENUE BONDS OF THE AUTHORITY AND SPECIAL TAX BONDS OF THE CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1, AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Beaumont Financing Authority (the “Authority”) has previously issued its Beaumont Financing Authority 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B) and its Beaumont Financing Authority 2012 Local Agency Revenue Bonds, Series A (Improvement Area No. 8C) (collectively, the “Prior Bonds”); and

WHEREAS, the Prior Bonds were issued under the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), for the purpose of acquiring certain bonds (the “Local Obligations”) issued by the City of Beaumont Community Facilities District No. 93-1 (the “District”) for the benefit of certain of its improvement areas; and

WHEREAS, certain of the Local Obligations are being refunded by bonds issued by the District (such Local Obligations being refunded referred to herein as the “Refunded Local Obligations”); and

WHEREAS, the refunding of the Refunded Local Obligations will result in the refunding of the outstanding the Prior Bonds (such Prior Bonds being refunded referred to herein as the “Refunded Prior Bonds”); and

WHEREAS, the Board of Directors of the Authority (the “Board”) now desires to approve the forms of escrow agreements (the “Escrow Agreements”) to be used in connection with the refunding of each series of Refunded Local Obligations and the related refunding of the Refunded Prior Bonds;

NOW, THEREFORE, the Board of Directors of the Beaumont Financing Authority DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. Each of the above recitals is true and correct and is adopted by the Board.

Section 2. The forms of the Escrow Agreements presented at this meeting are hereby approved and each of the Chair, the Vice Chair, the Executive Director, the Treasurer and the Secretary of the Authority, or their respective designees, acting alone, is authorized to execute the Escrow Agreements for each series of Refunded Local Obligations and the related refunding of the Refunded Prior Bonds in the forms hereby approved, with such additions thereto and changes therein as the officers executing the same deem necessary. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Escrow Agreements by one or more of such officers.

Section 3. Each of the Chair, Secretary, Treasurer and Executive Director of the Authority and the other officers and staff of the Authority responsible for the fiscal affairs of the

Authority are hereby authorized and directed to take any and all actions and execute and deliver any and all documents as are necessary to accomplish the defeasance and redemption of the Refunded Local Obligations and the Refunded Prior Bonds in accordance with the provisions of this Resolution, including but not limited to any amendment to the Indenture of Trust, dated as of January 15, 1994, by and between the Authority and Wilmington Trust, National Association, as successor trustee. In the event that the Chair of the Authority is unavailable to sign any document authorized for execution herein, any other member of the Board or the Executive Director, or his written designee, may sign such document. Any document authorized herein to be signed by the Secretary of the Board of the Authority may be signed by a duly appointed deputy or assistant secretary. By way of this Resolution, the Board of Directors hereby further approves the use of funds held in connection with the Refunded Prior Bonds for the purpose of redeeming and defeasing the Refunded Local Obligations and the related Refunded Prior Bonds.

APPROVED and ADOPTED this 7th day of July, 2020.

Chair of the Board of Directors

ATTEST:

Assistant Secretary of the Board of Directors

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, Nicole Wheelwright, Assistant Secretary of the Board of Directors of the Beaumont Financing Authority, hereby certify that the above and foregoing Resolution was duly and regularly adopted by said Board at a regular meeting thereof held on the 7th of July, 2020 and passed by the following vote of said Board:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand this 7th of July, 2020.

Assistant Secretary of the Board of Directors

RESOLUTION NO. ____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BEAUMONT PUBLIC IMPROVEMENT AUTHORITY, RIVERSIDE COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF ITS LOCAL AGENCY REFUNDING BONDS IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED TWENTY MILLION DOLLARS (\$20,000,000) AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Beaumont Public Improvement Authority (the “Authority”) is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act (the “Bond Law”) to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing and refinancing for capital improvements of member entities of the Authority and other local agencies;

WHEREAS, the City of Beaumont Community Facilities District No. 93-1 (“CFD No. 93-1”) previously issued its City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2012 Series A (Improvement Area No. 8C) (the “Prior Improvement Area No. 8C Bonds”) to finance certain public improvements in connection with the issuance by the Beaumont Financing Authority of its 2012 Local Agency Revenue Bonds, Series A (Improvement Area No. 8C) (the “2012 BFA Bonds”);

WHEREAS, CFD No. 93-1 previously issued its City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series A and 2011 Series B (Improvement Area No. 17B) (the “Prior Improvement Area No. 17B Bonds” and together with the Prior Improvement Area No. 8C Bonds, the “Prior Bonds”) to finance and refinance certain public improvements in connection with the issuance by the Beaumont Financing Authority of its 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B) (the “2011 BFA Bonds” and together with the 2012 BFA Bonds, the “Prior BFA Bonds”);

WHEREAS, as a result of favorable conditions in the municipal bond market, the Authority and CFD No. 93-1 desire to defease and refund the outstanding Prior Bonds to effectuate a simultaneous defeasance and refunding of the Prior BFA Bonds; and

WHEREAS, the Authority, for the purpose of acquiring special tax refunding bonds of CFD No. 93-1 (collectively, the “Local Obligations”) relating to each of Improvement Area Nos. 8C and 17B located therein (the “Improvement Areas”), the proceeds of which will be utilized to defease and refund on an advance basis the Prior Bonds, has determined to issue its Local Agency Refunding Bonds (the “Authority Bonds”) pursuant to and secured by an Indenture (as defined below) providing for the issuance of the Authority Bonds, all in the manner provided therein; and

Resolution No. ____

WHEREAS, the Authority Bonds will be secured by debt service payments paid with respect to the Local Obligations, the payment on each of which will be secured special tax liens on taxable property within the applicable Improvement Area; and

WHEREAS, for this refinancing there has been filed with the Secretary of the Board of Directors of the Authority the forms of the following documents to be executed by the Authority with respect to the issuance of the Authority Bonds, which documents the Board desires to approve for execution as described herein:

(1) The Indenture of Trust, (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as Trustee (“Wilmington Trust”);

(2) The Preliminary Official Statement for the Authority Bonds (the “Preliminary Official Statement”);

(3) The Bond Purchase Agreement, to be dated the date of sale, by and between Stifel, Nicolaus & Company, Incorporated, as Underwriter (the “Underwriter”), the Authority and CFD No. 93-1 (the “Bond Purchase Agreement”); and

(4) The Continuing Disclosure Agreement by and between the Authority and Webb Municipal Finance, LLC, as dissemination agent (the documents described in (1) through (4) above are collectively referred to herein as the “Authority Documents”);

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE BEAUMONT PUBLIC IMPROVEMENT AUTHORITY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Each of the above recitals is true and correct and is adopted by the Board of Directors.

Section 2. The Authority Bonds shall be issued in an aggregate principal amount not to exceed \$20,000,000 with the exact principal amount to be determined by the official signing the Bond Purchase Agreement in accordance with Section 4 below. The Authority Bonds shall mature on the dates and pay interest at the rates set forth in the Bond Purchase Agreement to be executed on behalf of the Authority in accordance with Section 4 below. The Authority Bonds shall be issued under the terms of the Indenture, the form of which is on file with the Secretary of the Board of Directors. The form of the Indenture presented at this meeting is hereby approved and each of the Chair of the Board of Directors, the Executive Director and the Treasurer, or their respective written designees (collectively, the “Authorized Officers”), is hereby authorized to execute the Indenture, in the form hereby approved, with such additions thereto and changes therein as the officer or officers executing the same deem necessary to accomplish the issuance of the Authority Bonds as contemplated by this Resolution. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Indenture by one or more of such Authorized Officers.

Section 3. The Authority Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Board of Directors, and attested with the manual or facsimile signature of the Secretary of the Board of Directors.

Resolution No. ____

Section 4. The form of the Bond Purchase Agreement presented at this meeting is hereby approved; and each of the Authorized Officers is hereby authorized to execute the Bond Purchase Agreement in the form so approved, with such additions thereto and changes therein as are necessary to conform the Bond Purchase Agreement to the dates, amounts and interest rates applicable to the Authority Bonds as of the sale date or to cure any defect or ambiguity therein. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement by one or more of such Authorized Officers; provided, however, that the Bond Purchase Agreement shall be signed only if the Underwriter’s discount (exclusive of original issue discount) does not exceed 1.21% of the principal amount of the Authority Bonds. Each of the Executive Director, the Treasurer and their written designees is authorized to determine the day on which the Authority Bonds are to be priced in order to attempt to produce the lowest borrowing cost for the Authority and may reject any terms presented by the Underwriter to the Authority if determined not to be in the best interest of the Authority.

In the event the Executive Director or his or her written designee determines that the purchase of one or more of the Local Obligations will not result in sufficient net present value savings to CFD No. 93-1 or will not otherwise achieve the purposes of the Authority set forth in this Resolution, then such Local Obligations will not be purchased by the Authority, and the Authority Documents may be amended to reflect that such Local Obligations will not be purchased by the Authority.

Section 5. The form of the Continuing Disclosure Agreement presented at this meeting is hereby approved; and each of the Authorized Officers is authorized to execute and deliver the Continuing Disclosure Agreement in the form hereby approved, with such additions thereto and changes therein as the officers executing the same deem necessary to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission, as amended, and to cure any ambiguity or defect therein. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Continuing Disclosure Agreement by one or more of such officers.

Section 6. The form of the Preliminary Official Statement presented at this meeting is hereby approved; and the Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Authority Bonds in the form hereby approved, together with such additions thereto and changes therein as are determined necessary by the Treasurer of the Authority, or his or her written designee, to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, as amended, including, but not limited to, such additions and changes as are necessary to make the information therein accurate and not misleading. Each of the Authorized Officers is hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary by the Treasurer of the Authority, or his or her written designee, to make such Official Statement complete and accurate as of its date. The Underwriter is further authorized to distribute the final Official Statement for the Authority Bonds and any supplement thereto to the purchasers thereof upon its execution on behalf of the Authority as described above.

Section 7. The Authorized Officers are hereby appointed as the authorized officers of the Authority for all purposes required to effect the issuance of the Authority Bonds and are hereby authorized, empowered, and directed, jointly and severally, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the foregoing actions.

Resolution No. ____

Section 8. Stradling Yocca Carlson & Rauth, a Professional Corporation (“SYCR”) shall act as bond counsel and disclosure counsel with respect to the issuance of the Authority Bonds and the Local Obligations to be issued simultaneously with the issuance of the Authority Bonds. Each of the Authorized Officers is authorized to execute and deliver a Bond Counsel Agreement with SYCR.

Section 9. Urban Futures, Incorporated (“UFI”) shall act as municipal advisor to the Authority and CFD No. 93-1 in connection with the issuance of the Authority Bonds and the Local Obligations.

Section 10. Webb Municipal Finance, LLC shall act as special tax consultant in connection with the issuance of the Authority Bonds and the Local Obligations.

Section 11. Wilmington Trust shall act as Trustee and Fiscal Agent in connection with the issuance of the Authority Bonds and the Local Obligations, respectively.

Section 12. Wilmington Trust shall act as Escrow Agent in connection with the refunding of the Prior Bonds and Prior BFA Bonds.

Section 13. Each of the Authorized Officers is authorized, but not required, to obtain a rating of the Authority Bonds from a nationally recognized rating service and to obtain a municipal bond insurance policy and/or a reserve surety guaranteeing payment of principal and interest with respect to some or all of the Authority Bonds, and to pay the premium or fee therefor from the proceeds of the sale of the Authority Bonds, if such Authorized Officer, in consultation with UFI, determines that obtaining such rating, municipal bond insurance policy or reserve surety will result in a lower total interest cost with respect to the Authority Bonds. The Authorized Officers are hereby further authorized to revise any of the documents referenced herein, or any related documents, to incorporate any provisions required in order to obtain such a municipal bond insurance policy and/or a reserve surety. Each of the Authorized Officers, acting alone, is further authorized to execute commitments and reimbursement agreements relating to such municipal bond insurance policy and reserve surety.

Section 14. The Board of Directors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in the staff report for this Resolution and are available to the public at the meeting at which this Resolution is approved.

Section 15. All actions heretofore taken by the officers and agents of the Authority or the City of Beaumont (the “City”), acting for and on behalf of the Authority, with respect to the sale and issuance of the Authority Bonds are hereby approved, confirmed and ratified. The Authorized Officers are hereby authorized and directed, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the issuance and sale of the Authority Bonds and otherwise to effectuate the purposes of this Resolution.

Section 16. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 7th day of July, 2020.

Resolution No. ____

Item 10.

Rey Santos, Chair,
Beaumont Public Improvement Authority

ATTEST:

Nicole Wheelwright, Assistant Secretary,
Beaumont Public Improvement Authority

Resolution No. ____

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, Nicole Wheelwright, Assistant Secretary of the Board of Directors of Beaumont Public Improvement Authority, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said Authority at a regular meeting of said Board held on the 7th day of July, 2020, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

Nicole Wheelwright, Assistant Secretary
Beaumont Public Improvement Authority

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, Nicole Wheelwright, Assistant Secretary of the Board of Directors of Beaumont Public Improvement Authority, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. _____, of said Board, and that the same has not been amended or repealed.

DATED: _____, 2020

Nicole Wheelwright, Assistant Secretary
Beaumont Public Improvement Authority

INDENTURE OF TRUST

by and between

BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee**

Dated as of July 1, 2020

\$_____

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A
(FEDERALLY TAXABLE)**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”), dated as of July 1, 2020, by and between the BEAUMONT PUBLIC IMPROVEMENT AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”) and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America (the “Trustee”);

WITNESSETH:

WHEREAS, the Beaumont Public Improvement Authority (the “Authority”) is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing and refinancing for capital improvements of member entities of the Authority and other local agencies; and

WHEREAS, the City of Beaumont Community Facilities District No. 93-1 (“CFD No. 93-1”) has previously issued bonds (collectively, the “Prior Bonds”) to finance the acquisition of certain public improvements; and

WHEREAS, the Authority has determined to issue its Local Agency Refunding Bonds, Series 2020A (Federally Taxable) (the “Bonds”) in the aggregate principal amount of \$_____ for the primary purpose of acquiring special tax refunding bonds of CFD No. 93-1, the proceeds of which will be utilized to defease and refund the Prior Bonds pursuant to and secured by this Indenture in the manner provided herein; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority hereby certifies that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt and

sufficiency of which is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as it may hereafter be amended from time to time.

“Additional Bonds” means additional bonds issued pursuant to Section 5.6 and secured on a parity with the Bonds.

“Administrative Expense Fund” means the fund by that name established and maintained pursuant to this Indenture.

“Alternative Penalty Account” means the account by that name established pursuant to Section 5.8 hereof.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year.

“Authority” means the Beaumont Public Improvement Authority, a joint exercise of powers agency established pursuant to the laws of the State, whose members as of the date hereof are the City and the Beaumont Parking Authority, until a successor organization shall have become such, and thereafter “Authority” shall mean such successor organization.

“Authority Administrative Expenses” means the fees and expenses of the Trustee, including legal fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and the out of pocket expenses incurred by the Trustee, the City and the Authority in carrying out their duties hereunder including payment of amounts payable to the United States pursuant to Sections 5.7 and 5.8 hereof.

“Authorized Officer” means the Chair, Vice-Chair, Executive Director or Treasurer of the Authority or any other Person authorized by the Authority to perform an act or sign a document on behalf of the Authority for purposes of this Indenture.

“Authority” means the Beaumont Public Improvement Authority, a joint exercise of powers agency established pursuant to the laws of the State, whose members as of the date hereof are the City and the Beaumont Parking Authority.

“Beneficial Owners” means the actual purchasers of the Bonds whose ownership interests are recorded on the books of the DTC Participants.

“Bond Counsel” means any attorney at law or firm of attorneys selected by the Authority, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as it may hereafter be amended from time to time.

“Bond Register” means the registration books for the Bonds maintained by the Trustee in accordance with Section 2.8 hereof.

“Bonds” means the Authority’s Local Agency Refunding Bonds, Series 2020A authorized by and at any time Outstanding pursuant to the Bond Law and this Indenture.

“Bond Year” means each twelve month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Closing Date of the Bonds to September 1, 2020, both dates inclusive.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which the New York Stock Exchange or banks in New York, New York or Los Angeles, California, or where the Trust Office is located, are not required or authorized to remain closed.

“Certificate of the Authority” means a certificate in writing signed by the Executive Director or Treasurer of the Authority, or by any other officer of the Authority duly authorized in writing by the Board of Directors of the Authority for that purpose.

“CFD Act” means the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 (commencing with Section 53311), Article 1 of Division 2 of Title 5 of the Government Code of that State of California, as amended from time to time.

“City” means the City of Beaumont, a general law city duly organized and existing under and by virtue of the laws of the State of California.

“Closing Date” means the date on which the Bonds were executed and delivered to the Original Purchaser thereof.

“Code” means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations proposed or in effect with respect thereto.

“Community Facilities District” or “Community Facilities District No. 93-1” or “CFD No. 93-1” means the City of Beaumont Community Facilities District No. 93-1, a community facilities district formed pursuant to the CFD Act.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Bonds, the Local Obligations, and the acquisition of the Local Obligations by the Authority, including the acceptance and initial annual fees and expenses (including legal fees and expenses) of the Trustee, legal fees and expenses, costs of printing the Bonds and the preliminary and final Official Statements, fees of financial consultants, the Underwriter’s discount, the premiums

with respect to the Insurance Policy and the Reserve Policy, and other fees and expenses set forth in a Request of the Authority.

“Costs of Issuance Fund” means the fund by that name established in Section 3.4.

“Dated Date” means the date on which the Bonds are issued and authenticated by the Trustee.

“Defeasance Securities” means non-callable, non-prepayable obligations of the type set forth in clause 1 of the definition of Permitted Investments.

“District Trustee” means the Trustees under the Local Obligation Bond Indentures.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“DTC Participants” means securities brokers and dealers, banks, trust companies, clearing corporations and other organizations maintaining accounts with DTC.

“Event of Default” means any of the events described in Section 8.1 hereof.

“Fiscal Year” means any twelve month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve month period selected and designated by the Authority as its official fiscal year period.

“Improvement Area No. 8C” means Improvement Area No. 8C of CFD No. 93-1.

“Improvement Area No. 17B” means Improvement Area No. 17B of CFD No. 93-1.

“Improvement Areas” means Improvement Area No. 8C and Improvement Area No. 17B.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

“Independent Accountant” means any accountant or firm of such accountants appointed and paid by the Authority, and who, or each of whom –

- (a) is in fact independent and not under domination of the Authority or the City;
- (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and
- (c) is not an officer or employee of the Authority, or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Independent Financial Consultant” means any financial consultant or firm of such consultants appointed and paid by the Authority, and who, or each of whom –

- (a) is in fact independent and not under domination of the Authority or the City;

(b) does not have any substantial interest, direct or indirect, in the Authority or the City; and

(c) is not an officer or employee of the Authority or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Information Services” means such services providing information with respect to called bonds in accordance with then current guidelines of the Securities and Exchange Commission, such as the Authority may select in its sole discretion currently the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, maintained on the Internet at <http://emma.msrb.org/>.

“Insurance Policy” or “Policy” means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.

“Insurer” means _____, or any successor thereto.

“Interest Account” means the account by that name established and held by the Trustee pursuant to Sections 3.3 and 4.2(a) hereof.

“Interest Payment Date” means March 1 and September 1 in each year, beginning March 1, 2021, and continuing thereafter so long as any Bonds remain Outstanding.

“Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as the Insurer, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to the Insurer shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Local Obligations” means collectively, the following:

(a) City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8C) 2020 Special Tax Refunding Bonds; and

(b) City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 17B) 2020 Special Tax Refunding Bonds.

“Local Obligations Delinquency Revenues” means Revenues received by the Trustee from the District Trustee for a Series of the Local Obligations representing the payment of delinquent debt service on such Local Obligations.

“Local Obligation Indentures” means the bond indentures executed in connection with the issuance of the Local Obligations.

“Maximum Annual Debt Service” means, as of the date of any calculation, the largest Annual Debt Service during the current or any future Bond Year.

“Moody’s” means Moody’s Investor’s Service, Inc., its successors and assigns.

“Original Purchaser” means Stifel, Nicolaus & Company, Incorporated, and, with respect to the Bonds of any other Series, the entity or entities that purchase such Bonds from the Authority on the date of issuance thereof.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.7 hereof) all Bonds theretofore executed and issued by the Authority and authenticated and delivered by the Trustee under this Indenture except –

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation pursuant to Section 2.9 hereof;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.3 hereof or Bonds called for redemption for which funds have been provided as described in Section 2.2(g) hereof; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

“Owner” or “Bond Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Register.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(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:

- Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
Senior Debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
Consolidated system-wide bonds and notes
- Federal Home Loan Banks (FHL Banks)
Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
Senior debt obligations
Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- Student Loan Marketing Association (SLMA)
Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
- Financing Corporation (FICO)
Debt obligations
- Resolution Funding Corporation (REFCORP)
Debt obligations

(4) Unsecured certificates of deposit, time 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 better by Standard & Poor's.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Trustee and any affiliate) which have capital and surplus of at least \$5 million.

(6) Commercial paper rated at the time of purchase (having original maturities of not more than 270 days) “A-1+” by Standard & Poor’s and “Prime-1” by Moody’s.

(7) Money market funds rated “AAm” or “AAm-G” by Standard & Poor’s, or better (including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee).

(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 and “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 and “Aa” or better by Moody’s.

(9) Pre-refunded municipal obligations rated “AAA” by S & P and “Aaa” by Moody’s meeting the following requirements:

(A) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee 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 trustee 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 trustee or escrow agent.

(10) Repurchase agreements:

(A) 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 and Moody's; 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 and 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 and Moody's, provided that:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee 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 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 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 the District or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or Trustee.

(B) 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 and 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 and “Aa” by Moody’s; provided that, by the terms of the investment agreement:

(A) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service 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 District and the Trustee hereby agree 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 District and the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the District and the Trustee) 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 District;

(E) the investment agreement shall provide that if during its term.

(1) 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 (i) 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 (ii) repay the principal of and accrued but unpaid interest on the investment; and

(2) 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 District or the District 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 District or Trustee; 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); and

(G) the investment agreement must provide that if during its term

(1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate, and

(2) 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 District or Trustee, as appropriate.

(12) The State of California Local Agency Investment Fund; provided that the Trustee may restrict investments in such Fund to the extent necessary to keep monies available for the purposes of this Indenture.

"Principal Account" means the account by that name established and held by the Trustee pursuant to Sections 3.3 and 4.2(a) hereof.

"Proportionate Share" means, as of the date of calculation for any issue of the Local Obligations, the ratio derived by dividing the outstanding principal amount of such Local Obligations by the principal amount of the Outstanding Bonds.

"Purchase Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.5 hereof.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established with respect to any Local Obligation.

"Request of the Authority" means a written request executed by an Authorized Officer.

“Request of the City” means a written request executed by the Mayor of the City Council of the City, its City Manager, its Assistant City Manager, its Finance Director or any other officer of the City duly authorized by the City Council of the City to sign documents on its behalf with respect to the matters referred to therein.

“Representation Letter” means the representation letter dated as of the Closing Date among the Authority, the Trustee and DTC.

“Reserve Credit Facility” means (i) the Reserve Policy, or (ii) a policy of insurance, a surety bond, a letter of credit or other comparable credit facility, permitting draws thereunder in accordance with Section 4.3 hereof to the final date of maturity of the Bonds or Parity Bonds, so long as (a) the provider of any such policy of insurance, surety bond, letter of credit or other comparable credit facility is rated in at the time of delivery to the Trustee not less than the rating on the Bonds from Standard & Poor’s or another rating agency requested by the Authority to rate the Bonds, and (b) so long as the Policy remains in effect, the Insurer has consented to the delivery of such Reserve Credit Facility.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.6 hereof.

“Reserve Policy” means the municipal bond debt service reserve insurance policy relating to the Bonds issued by the Insurer.

“Reserve Requirement” means an amount equal to the lowest of (i) 10% of the initial principal amount of the Bonds, (ii) Maximum Annual Debt Service on the Outstanding Bonds, or (iii) 125% of average Annual Debt Service on the Outstanding Bonds; provided, however, that the Reserve Requirement shall never be greater than the initial Reserve Requirement, and, as of any date of calculation, shall not be greater than the Reserve Requirement calculated for the previous Bond Year. As applied to individual accounts of the Reserve Fund, the Reserve Requirement shall initially be allocated as set forth in Section 4.3(a) hereof.

“Responsible Officer” means, when used with respect to the Trustee, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any senior associate, any associate or any other officer of the Trustee within the Trust Office (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Trust Office because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

“Revenue Fund” means the fund by that name established and held by the Trustee pursuant to Sections 3.3 and 4.2 hereof.

“Revenues” means: (a) all amounts received from the Local Obligations; (b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder with respect to the Bonds (other than the Surplus Fund); and (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder with respect to the Bonds (other than investment income on moneys held in the Surplus Fund).

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“Security Documents” means this Indenture, the Local Obligation Indentures and/or any additional or supplemental document executed in connection with the Bonds.

“Series of Local Obligations” means each of the Local Obligations issued pursuant to the Local Obligation Indentures.

“Six Month Period” shall mean the period of time beginning on the Closing Date and ending six months thereafter, and each six month period thereafter until the latest maturity date of the Bonds.

“Special Taxes” means the taxes authorized to be levied by CFD No. 93-1 on parcels within each Improvement Area, which have been pledged to repay the applicable Local Obligations pursuant to the CFD Act.

“Standard & Poor’s” means S&P Global Ratings, a Standard & Poor’s Financial Services, LLC business, its successors and assigns.

“State” means the State of California.

“Supplemental Indenture” means any indenture, agreement or other instrument hereafter duly executed by the Authority in accordance with the provisions of Article VII of this Indenture.

“Surplus Fund” means the fund by that name established pursuant to Section 3.8 hereof.

“Tax Certificate” means any certificate by that name to be executed by the Authority in connection with the issuance of Additional Bonds to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Trust Office” means the office of the Trustee at which at any particular time its corporate trust business with respect to this Indenture shall be administered, which office at the date hereof is located in Los Angeles, California, or such other place as designated by the Trustee except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Trustee” means Wilmington Trust, National Association, a national banking association duly organized and existing under the laws of the United States of America, with a corporate trust office in Costa Mesa, California, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in Article VI hereof.

“Yield” has the meaning given to such term in the Code.

Section 1.2 Rules of Construction. All references in this Indenture to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this

Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.3 Authorization and Purpose of Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines, that all things, conditions and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under the Bond Law and each and every other requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Bonds pursuant to the Bond Law and this Indenture for the primary purpose of providing funds to acquire the Local Obligations.

Section 1.4 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds and for the equal and proportionate benefit, security and protection of all Owners of the Bonds as their respective interests appear without preference, priority or distinction as to security or otherwise of any of the Bonds over other Bonds or any of the Bonds over any other Bonds by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II

ISSUANCE OF BONDS

Section 2.1 Terms of Bonds. The Bonds authorized to be issued by the Authority under and subject to the Bond Law and the terms of this Indenture shall be dated as of their Closing Date and be designated the “Beaumont Public Improvement Authority Local Agency Refunding Bonds, Series 2020A (Federally Taxable),” which shall be issued in the original aggregate principal amount of _____ Dollars (\$_____).

The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The Bonds shall mature on September 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

***Maturity Date
(September 1)***

Principal Amount

Interest Rate Per Annum

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed on such Interest Payment Date by first class mail, postage prepaid, to the Owner at the address of such Owner as it appears on the Bond Register or by wire transfer to an account in the United States of America made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds provided to the Trustee in writing at least five (5) Business Days before the Record Date for such Interest Payment Date. Principal of and premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Trust Office of the Trustee. The principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before the first Record Date, in which event it shall bear interest from the Dated Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon, or from the Dated Date if no interest has been paid or made available for payment.

Section 2.2 Redemption of Bonds.

(a) Optional Redemption. The Bonds maturing on or before September 1, 20__ are not subject to optional call and redemption prior to maturity. The Bonds maturing on and after September 1, 20__ may be redeemed at the option of the Authority, from any source of available funds, prior to maturity on any date on or after September 1, 20__ as a whole, or in part from maturities of the Local Obligations simultaneously redeemed, if any redemption of Local Obligations is being made in conjunction with such optional redemption, and otherwise from such maturities as are selected by the Authority, by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

Prior to consenting to the optional redemption of any Local Obligation which it has purchased and is held under this Indenture, the Authority shall deliver to the Trustee a certificate of an Independent Accountant verifying that, following such optional redemption of the Local Obligations and redemption of Bonds, the principal and interest generated from the remaining Local Obligations is adequate to make the timely payment of principal and interest due on the Bonds remaining Outstanding following such optional redemption. The Authority shall be required to give the Trustee written notice of its intention to redeem Bonds under this Section (a) at least forty-five (45) days prior to the date fixed for redemption (or such lesser number of days as shall be acceptable to the Trustee and which would allow the Trustee to comply with the requirements of Section 2.2(d), in the sole determination of the Trustee, such notice intended for the convenience of the Trustee).

(b) Special Redemption. The Bonds are subject to special redemption on any Interest Payment Date from proceeds of early redemption of Local Obligations from prepayments of Special Taxes within an Improvement Area, in whole or in part, from maturities corresponding proportionately to the maturities of the Local Obligations simultaneously redeemed, at the principal amount thereof, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest to the date of redemption thereof:

Redemption Dates

Premium

(c) Notice of Redemption. The Trustee on behalf, and at the expense, of the Authority shall send notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Bond Register, and to the Securities Depositories and to the Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice so sent nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds.

In the case of an optional or special redemption of Bonds, such notice may state that such redemption is subject to receipt by the Trustee, on or before the date fixed for redemption, of moneys sufficient to pay the redemption price of the Bonds to be redeemed.

Unless funds for the optional or special redemption of any Bonds are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Bondowners, such notice shall state that such redemption is subject to the deposit of funds by the Authority. Any notice of optional or special redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for

redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall send notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Upon the payment by the Trustee from the applicable account in the Revenue Fund of the redemption price of the Bond 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 being redeemed with the proceeds of such check or other transfer.

(d) Selection of Bonds of a Maturity for Redemption. Unless otherwise provided hereunder, whenever provision is made in this Indenture or in the applicable Supplemental Indenture for the redemption of less than all of the Bonds of a maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 authorized denominations, and such separate authorized denominations shall be treated as separate Bonds which may be separately redeemed.

(e) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(f) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to this Section 2.2 shall be cancelled and destroyed.

Section 2.3 Form of Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.4 Execution of Bonds. All the Bonds shall, from time to time, be executed on behalf of the Authority by, or bear the manual or facsimile signature of, one of the members of the Board of Directors of the Authority and be attested by the manual or facsimile signature of the Secretary or by any deputy thereof. If any of the directors or officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall be upon the Bonds shall cease to be such officer of the Authority before the Bond so signed and sealed shall have been actually authenticated by the Trustee or delivered, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds or whose facsimile signature shall be upon the Bonds had not ceased to be such officer of the Authority; and any such Bond may be signed and sealed on behalf of the Authority by those persons who, at the actual date of the execution of such Bonds, shall be the proper officers of the Authority, although at the date of such Bond any such person shall not have been such officer of the Authority.

Only such of the Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.5 Transfer of Bonds. Subject to Section 2.10, any 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 duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the Authority shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount. No Bonds selected for redemption shall be subject to transfer pursuant to this Section nor shall any Bond be subject to transfer during the fifteen days prior to the selection of Bonds for redemption.

The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Authority. However, the Owners of the Bonds shall be required to pay any tax or other governmental charge required to be paid for any exchange or registration of transfer and the Owners of the Bonds shall be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the replacement of any mutilated, lost or stolen Bonds.

Section 2.6 Exchange of Bonds. Subject to Section 2.10, Bonds may be exchanged at the Trust Office of the Trustee for Bonds of the same tenor and maturity and of other authorized denominations. No Bonds selected for redemption shall be subject to exchange pursuant to this Section, nor shall any Bond be subject to exchange during the fifteen days prior to the selection of Bonds for redemption. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Authority.

Section 2.7 Temporary Bonds. The Bonds may be issued initially in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.8 Bond Register. The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which shall be the Bond Register and shall at all times during regular business hours be open to inspection by the Authority upon reasonable notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as hereinbefore provided.

The Authority and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal, 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.

Section 2.9 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and destroyed in accordance with the retention policy of the Trustee then in effect. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, at the expense of the Bond Owner, the Authority shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Trustee may require payment of a reasonable fee for each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.10 Book-Entry System.

(a) All Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each maturity date of the Bonds. Upon initial issuance, the ownership of each Bond shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC. Except as provided in Section 2.10(d) hereof, all Outstanding Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal, 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 on the Bonds only to or upon the order of the respective Owners, as shown in the Bond Register, as provided in Section 2.8 hereof, or their respective attorneys duly authorized in writing, and all such payments shall be valid and

effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificated Bond evidencing the obligation of the Authority to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) The delivery of the Representation Letter and the Trustee shall not in any way limit the provisions of Section 2.10(b) hereof or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Bond Register. The Trustee shall take all action necessary for all representations in the Representation Letter with respect to the Trustee to be complied with at all times.

(d) (i) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law.

(ii) The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Authority determines that:

(A) DTC is unable to discharge its responsibilities with respect to the Bonds, or

(B) a continuation of the requirement that all Outstanding Bonds be registered in the Bond Register in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the beneficial owners of such Bonds.

(iii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 2.10(d)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 2.10(d)(i) or subsection 2.10(d)(ii)(A) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Authority is obligated to deliver Bond certificates, as described in this Indenture and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names DTC shall designate to the Trustee in writing, in accordance with the provisions of this Indenture.

(e) Notwithstanding any other provisions of this Indenture to the contrary, as long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal or, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS

Section 3.1 Issuance of Bonds. Upon the execution and delivery of this Indenture, the Authority shall execute and deliver the Bonds in the principal amounts set forth in Section 2.1 hereof to the Trustee for authentication and delivery to the Original Purchaser thereof upon the Request of the Authority.

Section 3.2 Application of Proceeds of Sale of Bonds and Funds Received from the City and Community Facilities District.

(a) Upon the receipt by the Trustee of payment for the Bonds in the amount of \$_____ (which is comprised of the par amount of the Bonds, less Underwriter's discount of \$_____ and less moneys wired to the Insurer in the amount of \$_____), such proceeds of the Bonds shall be deposited in the Purchase Fund for the acquisition of the Local Obligations in accordance with Section 3.5 hereof.

(b) \$_____ of proceeds of the Local Obligations received by the Trustee from the District Trustees for deposit in the Costs of Issuance Fund, shall be deposited in the Costs of Issuance Fund for the payment of Costs of Issuance in accordance with Section 3.4 hereof.

Section 3.3 Revenue Fund. The Trustee shall establish and maintain a separate fund to be known as the "Revenue Fund" and the following separate accounts therein: Interest Account and Principal Account. Except as otherwise provided herein, the Trustee shall deposit all Revenues received after the Closing Date to the Revenue Fund and shall apply amounts in the Revenue Fund as described in Section 4.2 below.

Section 3.4 Costs of Issuance Fund. The Trustee shall establish and maintain a fund known as the "Costs of Issuance Fund" into which shall be deposited the amounts set forth in Section 3.2(b) above. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt by the Trustee of a Request of the Authority. Each such Request of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date which is one hundred twenty (120) days following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Revenue Fund. Upon such transfer, the Costs of Issuance Fund shall be closed and the Trustee shall no longer be obligated to make payments for Costs of Issuance. The Authority may at any time file a Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts, and upon receipt of such request by the Trustee, the Trustee shall comply with such request.

Section 3.5 Purchase Fund. The Trustee shall establish and maintain a separate fund to be known as the "Purchase Fund" into which shall be deposited a portion of the proceeds of sale of the Bonds pursuant to Section 3.2(a) hereof. The Trustee shall use the proceeds of the Bonds to purchase Local Obligations on the Closing Date; provided, however, that such Local Obligations may be purchased only if the Trustee has received a certificate of the Original Purchaser of the Bonds or an Independent Financial Consultant stating that the Revenues to be available to the Trustee,

assuming timely payment of the Local Obligations, will be sufficient to permit the timely payment of the principal of and interest on all Outstanding Bonds.

Section 3.6 Reserve Fund. The Trustee shall establish and maintain a separate fund to be known as the “Reserve Fund” and within such fund, accounts to be known as the “Improvement Area No. 8C Reserve Account” and the “Improvement Area No. 17B Reserve Account,” respectively, which shall be administered as provided in Section 4.3(a) hereof.

Section 3.7 Surplus Fund. The Trustee shall establish and maintain a separate fund, when needed, to be known as the “Surplus Fund” which shall be administered as described in Section 4.4 hereof.

Section 3.8 Administrative Expense Fund. The Trustee shall establish and maintain a separate fund to be held by the Trustee and known as the “Administrative Expense Fund” into which shall be deposited the amounts specified in Section 4.2(d). The moneys in the Administrative Expense Fund shall be used to pay Authority Administrative Expenses or shall be transferred to the Surplus Fund, in either case, upon receipt of a Requisition of the Authority.

Section 3.9 Additional Funds and Accounts. The Trustee may establish such additional funds and accounts as it may determine from time to time are advisable to effectuate the purposes of the Indenture.

Section 3.10 Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the Authority or the City with respect to the application of the proceeds of the Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE IV

REVENUES; FLOW OF FUNDS

Section 4.1 Pledge of Revenues; Assignment of Rights. Subject to the provisions of Sections 6.3 and 9.3 hereof, the Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the Revenues. The Bonds shall be equally secured by a pledge, charge and lien upon the Revenues without priority for any Bond over any other Bond; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any Bonds shall be and are secured by an exclusive pledge, charge and lien upon the Revenues. So long as any of the Bonds are Outstanding, the Revenues shall not be used for any purpose except as is expressly permitted by this Indenture.

The Authority hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, respectively, all of the Revenues and all of the right, title and interest of the Authority in the Local Obligations, subject to the terms of this Indenture. The Trustee shall be entitled to and shall collect and receive all of the Revenues and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and, subject to the provisions of this Indenture and its rights and protections hereunder, the Trustee shall take all steps, actions and

proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City and the Community Facilities District under the Local Obligations.

Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Bonds, and upon satisfaction of all claims against the Authority hereunder, including all fees, charges and expenses of the Trustee and the Authority which are properly payable hereunder, or upon the making of adequate provisions for the payment of such amounts as permitted hereby, all moneys remaining in all funds and accounts pertaining to such Bonds (except moneys necessary to pay principal of, premium, if any, and interest on the Bonds, which moneys shall be held by the Trustee pursuant to Section 9.3), shall no longer be considered Revenues and are not pledged to repay the Bonds. Such amounts shall be transferred to the trustee for each Series of Local Obligations then outstanding proportionately based on their respective Proportionate Share. In the event that the Local Obligations have been paid or defeased, then any such amounts shall be paid by the Trustee to the Authority to be used by the Authority for any lawful purpose.

Section 4.2 Receipt, Deposit and Application of Revenues; Revenue Fund. Subject to Section 4.2(a)(iv) below, all Revenues described in clause (a) of the definition thereof in Section 1.1 shall be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund.

(a) On each Interest Payment Date, the Trustee shall transfer from the Revenue Fund, and deposit into the following respective accounts for the Bonds, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(i) Interest Account. On each Interest Payment Date, the Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds on such date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity). In the event that the amounts on deposit in the Interest Account on any Interest Payment Date, after any transfers from the Reserve Fund pursuant to Section 4.3(a) hereof, are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Bonds, the Trustee shall apply such amounts to the payment of interest on each of the Outstanding Bonds on a pro rata basis.

(ii) Principal Account. On each September 1 on which principal (or sinking fund payments) of the Bonds shall be payable, the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of, and premium (if any) on, the Bonds coming due and payable on such date, or required to be redeemed on such date pursuant to Section 2.2 hereof; provided, however, that no amount shall be deposited to effect a redemption pursuant to Section 2.2(a) hereof unless the Trustee has first received a certificate of an Independent Accountant certifying that such deposit to effect an optional redemption of the Bonds will not impair the ability of the Authority to make timely payment of the principal of and interest on the Bonds, assuming for such purposes that the Community Facilities District continues to make timely payments on all Local Obligations not then

in default. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Bonds at the maturity thereof, (ii) paying the sinking fund payments with respect to the Bonds, or (iii) paying the principal of and premium (if any) on any Bonds upon the redemption thereof pursuant to Section 2.2 hereof.

(iii) Reserve Fund. On each Interest Payment Date on which the balance in the Reserve Fund is less than the Reserve Requirement, or amounts are due to the Insurer under a Reserve Credit Facility, after making deposits required under (i) and (ii) above, the Trustee shall transfer from the Revenue Fund (A) first, an amount sufficient to reimburse an insurer for amounts owed under a Reserve Credit Facility by depositing the amount necessary to reimburse such insurer for amounts owed under the applicable Reserve Credit Facility; and (B) second, an amount sufficient to increase the balance in the Reserve Fund to the Reserve Requirement, by depositing the amount necessary to make the various accounts therein combined total the Reserve Requirement from the applicable Improvement Area.

(iv) Local Obligations Delinquency Revenues. The Trustee shall disburse or transfer all Revenues representing Local Obligations Delinquency Revenues in the following order of priority:

First, to make payments required pursuant to Section 8.3 upon the occurrence of an Event of Default as described in Section 8.1(a) and 8.1(b),

Second, to the Reserve Fund to replenish the amount on deposit therein to the Reserve Requirement as set forth in Section 4.3, or to reimburse the Insurer for amounts owed under the Reserve Policy, and

Third, to make the deposits specified in Section 4.2(a)(i) and (ii) above.

(b) If on any Interest Payment Date or date for redemption the amount on deposit in the Revenue Fund is inadequate to make the transfers described in subsection (a) above as a result of a payment default on an issue of Local Obligations, the Trustee shall immediately notify the issuer of such Local Obligations of the amount needed to make the required deposits under subsection (a) above. In the event that following such notice the Trustee receives additional payments from the issuer of such Local Obligation to cure such shortfall, the Trustee shall deposit such amounts to the Revenue Fund for application in accordance with subsection (a) above.

(c) On September 1 of each year, after making the deposits required under subsections (a) and (b) above, the Trustee shall transfer all amounts remaining on deposit in the Revenue Fund to the Administrative Expense Fund unless the Trustee has received a Request of the Authority directing it to transfer all or a portion of the said amounts to the Surplus Fund, in which case the Trustee shall make the transfer to the Surplus Fund so specified.

Section 4.3 Reserve Fund.

(a) There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement. The Trustee shall deposit the Reserve Policy into the Reserve Fund with a stated amount of \$_____, of which \$_____ shall be initially credited in the Improvement Area No. 8C Reserve Account, and \$_____ shall be initially credited in the Improvement Area No. 17B Reserve Account. In the event that the amount of the Reserve

Requirement for the Bonds is changed as determined by the Authority, the Trustee shall, upon receipt of a Request of the Authority, adjust the Reserve Requirement accordingly.

(b) All amounts deposited in the Reserve Fund shall be used solely for the purposes set forth in this Section 4.3. Subject to the limitations set forth in the following paragraph, amounts in the Reserve Fund may be applied to pay the principal of and interest on the Bonds when the moneys in the Interest Account and the Principal Account of the Revenue Fund are insufficient therefor. In addition, amounts in the Reserve Fund may be applied (i) in connection with an optional redemption of Bonds pursuant to Section 2.2 or a defeasance pursuant to Section 9.3, (ii) when the balance therein equals the principal and interest due on the Bonds to and including maturity, (iii) credited to a Community Facilities District as a result of a reduction in the Reserve Requirement resulting from the redemption of the Local Obligations of such Community Facilities District and the Bonds so redeemed in connection therewith, or (iv) when the amount in an account of the Reserve Fund is transferred to the Interest Account and the Principal Account as a credit against the payments due on the Local Obligations secured by such account on the transfer dates specified in subsection (d) below.

(c) Except as otherwise provided herein, all amounts in the Reserve Fund and the Reserve Accounts therein shall be used and withdrawn by the Trustee solely for the purpose of making transfers as described in this Section 4.3. If the amounts in the Interest Account or the Principal Account are insufficient to pay the principal of or interest on the Bonds when due or mandatory sinking fund payments on the Bonds when due, the Trustee shall withdraw from the applicable Reserve Account or Reserve Accounts an amount equal to the deficiency resulting from the delinquency in the payment of scheduled debt service on the applicable Series of Local Obligations and transfer such amount to the Interest Account, the Principal Account or both, as applicable. If there are insufficient funds on deposit in a Reserve Account to cover a deficiency resulting from the delinquency in the payment of scheduled debt service on the applicable Series of Local Obligations, the Trustee shall withdraw from each of the other Reserve Accounts an amount based upon the Proportionate Share applicable to each such Reserve Account of such remaining deficiency and transfer such amounts to the Interest Account, the Principal Account or both, as applicable. The Trustee shall notify the Authority immediately following any withdrawal made pursuant to this Section 4.3.

Upon the transfer by the Trustee to the Reserve Fund of Local Obligations Delinquency Revenues, such Revenues shall be allocated to the Reserve Accounts as follows:

First, to the Reserve Account for any Series of Local Obligations, other than the Reserve Account to which such Local Obligations Delinquency Revenues relate, that amount necessary to increase the amount on deposit in such account to the Reserve Requirement on a Proportionate Share basis if the deficiency in the amount on deposit in such account resulted from draws on such account due to delinquencies in the payment of scheduled debt service on that Series of Local Obligations from which the Local Obligations Delinquency Revenues were received. In the event that such Local Obligations Delinquency Revenues are insufficient to increase the amount on deposit in each of the applicable Reserve Accounts to the Reserve Requirement, a Proportionate Share of such Local Obligations Delinquency Revenues shall be deposited in each such Reserve Account.

Second, after increasing the amount on deposit in each applicable Reserve Account to the Reserve Requirement pursuant to the first step above, to the Reserve Account for the Series of Local Obligations from which the Local Obligations Delinquency Revenues were received that amount

necessary to replenish the amount on deposit in such Reserve Account to the applicable Reserve Requirement.

Third, after making all deposits pursuant to the first and second steps, the remaining Local Obligations Delinquency Revenues, if any, shall be transferred to the Revenue Fund.

(d) When amounts in an account of the Reserve Fund are sufficient to repay the remaining principal and interest due on the related Local Obligations that will be applied to the Bonds, such amounts will be transferred to the Interest Account and the Principal Account as a credit against the payments due on such Local Obligations, with the amount transferred from an account being deposited first to the Interest Account as a credit on the interest due on such Local Obligations on such date and the balance being deposited to the Principal Account as a credit on the principal due on such Local Obligations on such date.

The Reserve Requirement with respect to the Bonds shall be satisfied by the delivery of the Reserve Policy to the Trustee and the deposit of moneys set forth in Section 3.2. The Trustee shall deposit the Reserve Policy and such amounts to the Reserve Fund. Under the terms and conditions of the Reserve Policy, the Trustee shall deliver to the Insurer a demand for payment under the Reserve Policy in the required form at least five Business Days before the date on which funds are required for the purposes set forth herein. The Trustee shall comply with all of the terms and provisions herein and of the Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Fund, within the limits of the coverage amount provided by the Reserve Policy. All amounts drawn by the Trustee under the Reserve Policy will be deposited into the Reserve Fund and applied for the purposes thereof. The Authority and the Community Facilities District shall reimburse the Insurer for all draws under Reserve Policy in accordance with the terms hereof.

(e) From amounts deposited to the Reserve Fund, the Authority shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate.

Payment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal and sinking fund payments due. As and to the extent that payments are made to the Insurer on account of principal and sinking fund payments due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

All cash and investments in the Reserve Fund, if any, shall be transferred to the Revenue Fund for payment of principal (and sinking fund payments) of and interest on the Bonds and Additional Bonds before any drawing may be made on the Reserve Policy. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Credit Facilities shall be

made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable Reserve Credit Facility without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

If the Authority shall fail to pay any Policy Costs in accordance with the requirements of this section, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided hereunder, other than: (i) acceleration of the maturity of the Bonds or Additional Bonds; or (ii) remedies which would adversely affect Owners of the Bonds. This Indenture shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Authority’s obligation to pay such amounts shall expressly survive payment in full of the Bonds. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of this section and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least three (3) Business Days prior to each date upon which interest or principal (or sinking fund payment) is due on the Bonds or Additional Bonds. The Reserve Policy shall expire on the earlier of the date the Bonds are no longer Outstanding or the final maturity of the Bonds.

Section 4.4 Surplus Fund. Any amounts transferred to the Surplus Fund pursuant to subsection 4.2 hereof shall no longer be considered Revenues and are not pledged to repay the Bonds. So long as Local Obligations are outstanding, on September 1 of each year, the remaining balance, if any, in the Surplus Fund shall in a Request of the City (i) be transferred by the Trustee to the City Treasurer for credit to the special tax fund of the Community Facilities District, and each Community Facilities District shall be credited a percentage of the total amount available on each September 1 that is equal to the percentage which its outstanding Local Obligation represents of all outstanding Local Obligations held by the Trustee as of the date of disbursement or (ii) as set forth in a Request of the City be applied to the redemption of Local Obligations pursuant to the terms of the Local Obligations Indenture with each Community Facilities District to be credited a percentage of the total amount available on each September 1 that is equal to the percentage which its outstanding Local Obligations represents of all outstanding Local Obligations held by the Trustee as of the date of disbursement. In the event that the Local Obligations have been prepaid or defeased in whole or in part, then such credit shall be applied to the Community Facilities District based on a Certificate of an Independent Financial Consultant prepared at the direction of the Authorized Representative of the City. In the event the Community Facilities District is no longer obligated to levy Special Taxes to repay Local Obligations, then any amounts in the Surplus Fund may be used by the Authority for any lawful purpose, including, but not limited to, the payment of expenses of the Authority, the City or the Community Facilities District relating to the Bonds, the Local Obligations, the Community Facilities District, or any other purpose as specified in a Request of the Authority delivered to the Trustee.

On September 1 of the year preceding the year of the final maturity of the Bonds, the remaining balance in the Surplus Fund shall be credited by the Trustee to the District Trustee on a proportionate basis, to each special tax fund established with respect to Local Obligations. Such amounts shall be applied to reduce debt service payments on Local Obligations

Section 4.5 Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments. The Trustee shall be entitled to

conclusively rely on any such Request of the Authority as to the suitability and legality of the directed investments and shall be fully protected in relying thereon. In the absence of any such Request of the Authority the Trustee shall hold such moneys uninvested. Permitted Investments purchased as an investment of moneys in any fund or account established pursuant to this Indenture shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the fund or account from which such investment was made; provided, however, that all interest or gain derived from the investment of amounts in the accounts of the Reserve Fund shall, to the extent the balance in any account thereof exceeds, on August 15 of each year, the Proportionate Share of the Reserve Requirement applicable to such Local Obligation, be withdrawn by the Trustee on such August 15, commencing August 15, 2020, and deposited to the special tax fund of the corresponding Community Facilities District to be applied to the payment of debt service on the applicable Local Obligations on the next Interest Payment Date.

For purposes of acquiring any investments hereunder, the Trustee may commingle moneys held by it in any of the funds and accounts held by it hereunder. The Trustee and its affiliates may act as advisor, sponsor, principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee and its affiliates may make any and all investments permitted herein through its own investment department. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 4.5. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategory.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur at no additional cost, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Authority 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. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder or brokers selected by the Authority. Upon the Authority'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.

Section 4.6 Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account, the value of Permitted Investments credited to such fund or account shall be valued at the original cost thereof (excluding any brokerage commissions and excluding any accrued interest) provided that the investment of any funds held in the Reserve Fund, shall be valued by the Trustee every August 15th at fair market value and marked to market at least quarterly by the Authority. In determining market value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

ARTICLE V

COVENANTS OF THE AUTHORITY

Section 5.1 Punctual Payment. The Authority shall punctually pay or cause to be paid the principal and interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues, and other assets pledged for such payment as provided in this Indenture.

Section 5.2 Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 5.3 Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues, and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Section 5.4 Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues, the Local Obligations and other assets purported to be pledged and assigned, respectively, under this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding limited, special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of Article VI hereof and to the extent permitted by law, defend, preserve and protect said pledge and assignment of the Revenues, the Local Obligations and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 5.5 Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards in which complete and accurate entries shall be made of transactions made by it relating to the proceeds of Bonds, the Revenues, the Local Obligations and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority and the City upon reasonable prior notice during regular business hours and under reasonable circumstances, in each case as agreed to by the Trustee.

Not later than 45 days following each Interest Payment Date, the Trustee shall prepare and file with the Authority a report setting forth: (i) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under this Indenture; (ii) the balance on deposit in each

fund and account as of the date for which such report is prepared; and (iii) a brief description of all obligations held as investments in each fund and account. Copies of such reports may be mailed to any Owner upon the Owner's written request to the Trustee at the expense of such Owner at a cost not to exceed the Trustee's actual costs of duplication and mailing.

Section 5.6 Conditions to Issuance of Additional Obligations. Except as set forth in this Section 5.6, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of Revenues in whole or in part.

The Authority may issue Additional Bonds in such principal amount as shall be determined by the Authority, pursuant to a Supplemental Indenture adopted or entered into by the Authority. Such Additional Bonds may be issued subject to the following conditions precedent:

(a) The Authority shall be in compliance with all covenants set forth in this Indenture and all Supplemental Indentures;

(b) The proceeds of such Additional Bonds shall be applied to accomplish a refunding of all or a portion of the Bonds or any Additional Bonds Outstanding. The issuance of Additional Bonds to refund a portion of the Bonds or any Additional Bonds Outstanding shall require the prior written consent of the Insurer.

(c) The Supplemental Indenture providing for the issuance of such Additional Bonds shall provide that interest thereon shall be payable on September 1 and March 1, and principal thereof shall be payable on September 1 in any year in which principal is payable.

(d) Prior to the delivery of any Additional Bonds, a written certificate must be provided to the Authority and the Trustee by an Independent Financial Consultant which certifies that the Annual Debt Service in each Bond Year on the Additional Bonds does not exceed the Annual Debt Service in each Bond Year on the Bonds defeased or redeemed with the proceeds of such Additional Bonds.

(e) The Supplemental Indenture providing for the issuance of such Additional Bonds may provide for the establishment of separate funds and accounts.

(f) No Event of Default shall have occurred and be continuing with respect to the Bonds or any of the Local Obligations.

(g) The Authority shall deliver to the Trustee a written Certificate of the Authority certifying that the conditions precedent to the issuance of such Additional Bonds set forth in subsections (a), (b), (c), (d) and (f) of this Section 5.6 above have been satisfied and that, upon the issuance of such Additional Bonds an amount equal to the Reserve Requirement, as adjusted (if necessary) to reflect the issuance of such Additional Bonds will be on deposit in the Reserve Fund.

Section 5.7 Local Obligations. Subject to the provisions of this Indenture (including Article VI), the Authority and the Trustee, shall use reasonable efforts to collect all amounts due from the Community Facilities District pursuant to the Local Obligations and shall enforce, and take all steps, actions and proceedings which the Authority and Trustee determine to be reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations and covenants of the City and CFD No. 93-1 thereunder. The Authority shall

instruct CFD No. 93-1 to authenticate and deliver to the Trustee the Local Obligations registered in the name of the Trustee.

The Authority, the Trustee and CFD No. 93-1 may at any time consent to, amend or modify any of the Local Obligations Indentures of CFD No. 93-1 pursuant to the terms thereof, (a) with the prior consent of the Insurer, or (b) without the consent of, but with prior written notice to, the Insurer if such amendment or modification is for any one or more of the following purposes:

(a) to add to the covenants and agreements of CFD No. 93-1 contained in such Local Obligations Indentures, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon CFD No. 93-1; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in such Local Obligations Indentures, or in any other respect whatsoever as CFD No. 93-1 may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds in the opinion of Bond Counsel filed with the Trustee; or

(c) to amend any provision thereof to the extent necessary to comply with the Code, but only if and to the extent such amendment will not, in and of itself, adversely affect the exclusion from gross income of the interest on any of Additional Bonds for federal income tax purposes under the Code, in the opinion of Bond Counsel filed with the Trustee.

Prior to executing any such amendment or modification to a Local Obligations Indenture, the Trustee shall be entitled to receive and rely upon an opinion of Bond Counsel to the effect that such amendment or modification is authorized or permitted hereunder and complies with the terms hereunder.

Except as otherwise set forth in this Section 5.9, and Section 5.10 and Article VIII hereof, to the extent that the Trustee is the holder of a Local Obligation under a Local Obligations Indenture in its capacity as Trustee hereunder, the Trustee shall not be required to take any action under the Local Obligations Indentures as a Local Obligation holder, including, without limitation, exercising voting or consent rights, without receiving the written direction of the Insurer.

Section 5.8 Sale of Local Obligations. Notwithstanding anything in this Indenture to the contrary, though subject to the prior consent of the Insurer, the Authority may cause the Trustee to sell, from time to time, all or a portion of a Series of Local Obligations, provided that the Authority shall deliver to the Trustee:

(a) a certificate of an Independent Accountant certifying that, following the sale of such Local Obligations and the Revenues to be paid to the Authority (assuming the timely payment of amounts due thereon with respect to any Local Obligations not then in default), together with interest and principal due on any Defeasance Securities pledged to the repayment of the Bonds and the Revenues then on deposit in the funds and accounts established hereunder (valuing any Permitted Investments held hereunder at the then fair market value thereof), will be sufficient to pay the principal of and interest on the Bonds when due; and

(b) an opinion of Bond Counsel that such sale of Local Obligations is authorized under the provisions of this Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Upon compliance with the foregoing conditions by the Authority, the Trustee shall sell such Local Obligations in accordance with the Request of the Authority and disburse the proceeds of the sale of such Local Obligations to the Authority or upon the receipt of a Request of the Authority shall deposit such proceeds in the Revenue Fund, in each case such proceeds to be used to discharge all of the Authority's obligations on the portion of the Bonds represented by such Local Obligations in the event of a defeasance as set forth in Section 9.3 hereof.

Section 5.9 Continuing Disclosure Agreement. The Authority hereby covenants and agrees that it will comply with and carry out all of its obligations under the Continuing Disclosure Agreement to be executed and delivered by the Authority and Webb Municipal Finance, LLC, as dissemination agent, in connection with the issuance of the Bonds. Notwithstanding any other provision of this Indenture, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section 5.11. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories and other intermediaries).

Section 5.10 Further Assurances. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper 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 the rights and benefits provided in this Indenture.

Section 5.11 Pledged Revenues. The Authority represents it has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Revenues that ranks on a parity with or prior to the pledge granted under this Indenture. The Authority shall not hereafter make any pledge or assignment of, lien on, or security interest in the Revenues payable senior to or on a parity with the pledge of Revenues established under this Indenture.

ARTICLE VI

THE TRUSTEE

Section 6.1 Appointment of Trustee. Wilmington Trust, National Association, with a corporate trust office presently located in Costa Mesa, California, a national banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority agrees that it will maintain a Trustee which is a trust company, association or bank of good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers, with a combined capital and surplus of at least Seventy-Five Million Dollars (\$75,000,000), subject to supervision or examination by federal or state authority, or otherwise approved by the Insurer in writing, so long as any Bonds are Outstanding. If such bank, association or trust company

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 purpose of this Section 6.1, the combined capital and surplus shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption prior to maturity, to make regularly scheduled interest payments, and to cancel any Bond upon payment thereof.

Section 6.2 Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, but shall not be responsible for the acts of any agents, attorneys or receivers appointed by it with due care. The Trustee may consult with and act upon the advice of counsel (which may be counsel to the Authority) concerning all matters of trust and its duty hereunder and shall be wholly protected in reliance upon the advice or opinion of such counsel in respect of any action taken or omitted by it in good faith and in accordance herewith.

(c) The Trustee shall not be responsible for any recital herein, or in the Tax Certificate or the Bonds, or for any of the supplements thereto or instruments of further assurance, or for the validity, effectiveness or the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority hereunder or under the Tax Certificate. The Trustee shall have no responsibility, opinion, or liability with respect to any information, statement, or recital in any offering memorandum, official statement, or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(d) Except as provided in Section 3.2 hereof, the Trustee shall not be accountable for the use of any proceeds of sale of the Bonds delivered hereunder. The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a 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 Owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(e) The Trustee shall be protected and shall incur no liability in acting, or refraining from acting in good faith and without negligence, in reliance upon any notice, request,

consent, certificate, order, affidavit, letter, telegram, facsimile or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at such person's request unless the ownership of such Bond by such person shall be reflected on the Bond Register.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the Authority as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.2(h) hereof, shall also be at liberty to accept a Certificate of the Authority to the effect that any particular dealing, transaction or action is necessary or expedient, and shall be fully protected in relying thereon, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and notwithstanding any other provision of this Indenture, the Trustee shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except where a Responsible Officer has actual knowledge of such Event of Default and except for the failure by the Authority to make any of the payments to the Trustee required to be made by the Authority pursuant hereto, including payments on the Local Obligations, or failure by the Authority to file with the Trustee any document required by this Indenture to be so filed on a date certain subsequent to the issuance of the Bonds, unless a Responsible Officer shall be specifically notified in writing of such default by the Authority or by the Owners of at least twenty five percent (25%) in aggregate principal amount of the Outstanding Bonds and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered to a Responsible Officer at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid. Delivery of a notice to the officer and address for the Trustee set forth in Section 9.12 hereof, as updated by the Trustee from time to time, shall be deemed notice to a Responsible Officer.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right fully to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the performance of its duties hereunder.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable by the Trustee in its sole discretion for the purpose of establishing the right of the Authority to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action referred to in Sections 6.5, Article VIII, or this Article, the Trustee may require that an indemnity bond satisfactory to it be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds.

(n) Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Article VI.

(o) The Trustee shall not be considered in breach of or in default in its obligations 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, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of supplies or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(p) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority, whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee

have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

(q) The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

Section 6.3 Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement by the Authority for reasonable fees for its services rendered hereunder and all advances (including any interest on advances), counsel fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held in Funds and accounts hereunder for the foregoing fees, charges and expenses incurred by it respectively. The Trustee's right to payment of its fees and expenses shall survive the discharge and payment or defeasance of the Bonds and termination of this Indenture, and the resignation or removal of the Trustee. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 6.4 Notice to Bond Owners of Default. If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given, or is deemed to have notice, as provided in Section 6.2(h) hereof, then the Trustee shall promptly give written notice thereof by first class mail to the Owner of each such Bond unless such Event of Default shall have been cured before the giving of such notice.

Section 6.5 Intervention by Trustee. In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners,

and subject to Section 6.2(1) hereof, shall do so if requested in writing by the Owners of at least twenty five percent (25%) in aggregate principal amount of such Bonds then Outstanding.

Section 6.6 Removal of Trustee. With the consent of the Insurer, the Owners of a majority in aggregate principal amount of the Outstanding Bonds may and the Authority may, so long as no Event of Default then exists, upon 30 days' prior written notice to the Trustee and the Insurer, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee and the Insurer. Upon any such removal, the Authority shall appoint a successor or successors thereto; provided that any such successor shall be a bank, association or trust company meeting the requirements set forth in Section 6.1 hereof.

Section 6.7 Resignation by Trustee. The Trustee and any successor Trustee may at any time give prior written notice of its intention to resign as Trustee hereunder, such notice to be given to the Authority, the Community Facilities District, the Insurer and the City by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee to which the Insurer consents. 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. Upon such acceptance, the Authority shall cause notice thereof to be sent to the Insurer and the Bond Owners at their respective addresses set forth on the Bond Register.

Section 6.8 Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 6.6 or 6.7, respectively, the Authority shall promptly appoint a successor Trustee. In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within thirty (30) days following the delivery to the Trustee of the instrument described in Section 6.6 or within thirty (30) days following the receipt of notice by the Authority, the Community Facilities District, the Insurer and the City pursuant to Section 6.7, the Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.1 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such thirty day period.

Section 6.9 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, provided that such company shall meet the requirements set forth in Section 6.1 hereof, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding. The Trustee may assign its rights, duties and obligations hereunder in whole or in part, to an affiliate or subsidiary thereof, provided such Corporation, affiliate or subsidiary shall meet the requirements set forth in Section 6.1 hereof.

Section 6.10 Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment hereunder and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of

the Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Section 6.11 Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-trustee. The following provisions of this Section 6.11 are adopted to these ends.

In the event that the Trustee or the Authority appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of the Trustee or separate or co-Trustee.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee or the Authority for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 6.12 Indemnification; Limited Liability of Trustee. The Authority further covenants and agrees to indemnify and save the Trustee and its officers, officials, directors, agents and employees, harmless from and against any loss, cost, claim, suit, judgment, damages, expense, including legal fees and expenses, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder and any transactions or documents in connection herewith, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder unless indemnity reasonably satisfactory to it against such liability or risk is provided to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of a majority (or any lesser amount that may direct the Trustee in accordance with the

provisions of the Indenture) of the Owners of the principal amount of Bonds Outstanding or the Insurer relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture. The rights of the Trustee and the obligations of the Authority under this Section 6.12 shall survive termination of this Indenture, discharge of the Bonds and resignation or removal of the Trustee.

ARTICLE VII

MODIFICATION AND AMENDMENT OF THE INDENTURE

Section 7.1 Amendment Hereof. This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Insurer and the Owners a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Insurer and the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without written consent of the Trustee, modify any of the rights or obligations of the Trustee.

This Indenture and the rights and obligations of the Authority, the Insurer and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of the Insurer and any Bond Owners (except as otherwise provided in this Section 7.1), to the extent permitted by law but only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the Authority so long as such addition, limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds, as evidenced by the approval of Bond Counsel delivered pursuant to this Section 7.1; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds, as evidenced by the approval of Bond Counsel delivered pursuant to this Section 7.1; or

(c) to amend any provision hereof relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Additional Bonds, including, but not limited to, amending the procedures set forth in Section 5.8 hereof with respect to the calculation of Rebatable Arbitrage; or

(d) to amend or clarify any provision hereof to provide for the issuance of any Additional Bonds (which may be issued for refunding purposes only) on a parity with the Bonds for

all purposes of this Indenture, including, but not limited to, for the purpose of exercising all rights and remedies hereunder; or

- (e) to amend the provisions of Section 4.4 hereof.

The Trustee shall be furnished, at the expense of the Authority, an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the Trustee is authorized or permitted hereunder and complies with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion and shall be fully protected in relying thereon.

Section 7.2 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of this Indenture for any and all purposes.

Section 7.3 Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that any affected Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of its Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Section 7.4 Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Bond Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Section 8.1 Events of Default. The following events shall be Events of Default hereunder.

(a) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than twenty five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding, provided that such default (other than a default arising from nonpayment of the Trustee's fees and expenses, which must be cured within such 30 day period) shall not constitute an Event of Default hereunder if the Authority shall commence to cure such default within said thirty (30) day period and thereafter diligently and in good faith shall cure such default within one hundred eighty (180) days after the delivery of such written default notice; or

(d) The filing by the Authority, the City or CFD No. 93-1 of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, the City or CFD No. 93-1, as applicable, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

Section 8.2 Remedies; Rights of Bond 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 to enforce any rights of the Trustee under or with respect to this Indenture. Subject to Section 8.3, in the event of an Event of Default arising out of a nonpayment of Trustee's fees and expenses, the Trustee may sue the Authority to seek recovery of its fees and expenses, provided, however, that such recovery may be made only from the funds of the Authority and not from Revenues.

If an Event of Default shall have occurred and be continuing and if requested to do so by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds, and, in each case, if indemnified as provided in Section 6.2(1), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII and, as applicable, under the Local Obligations, as shall be deemed most expedient in the interests of the Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

In no event shall the principal of the Bonds be accelerated.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or

composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Section 8.3 Application of Revenues and Other Funds After Event of Default. All amounts received by the Trustee with respect to the Bonds pursuant to any right given or action taken by the Trustee under the provisions of this Indenture relating to the Bonds and any other amounts held by the Trustee hereunder shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid –

First, to the payment of the costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel (including outside counsel and the allocated costs of internal attorneys), 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 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; 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 then due and unpaid,
- (b) second, to the payment of all installments of principal of the Bonds then due and unpaid, and
- (c) third, to the payment of interest on overdue installments of principal and interest on Bonds.

Third, to the payment of any amounts due and owing to the Insurer.

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 a majority in aggregate principal amount of the Bonds then Outstanding, it may, in the exercise of its discretion for the best interests of the Owners of the 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 issued hereunder opposing such discontinuance, withdrawal, compromise, settlement or other such litigation and provided further that the Trustee shall have the right to decline to comply with such written request unless indemnification satisfactory to it has been provided. Any suit, action or proceeding which any Owner of 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 similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the 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 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 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 Bond Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues 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 VIII or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond 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 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 Bond Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

Section 8.7 Rights and Remedies of Bond Owners. No Owner of any 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 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 of any remedy hereunder; it being understood and intended that no one or more Owners of 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.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such 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 Authority, the Trustee and the Bond 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

MISCELLANEOUS

Section 9.1 Limited Liability of Authority. Notwithstanding anything in this Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues or for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in this Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in this Indenture provided.

Section 9.2 Benefits of Indenture Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Authority, the Trustee, the Insurer and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee, the Insurer and the Owners of Bonds.

Section 9.3 Discharge of Indenture. The Authority may pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and available for such purpose, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums; or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Defeasance Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and available for such purpose, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Any Outstanding Bond or Bonds shall be deemed to have been paid and discharged under (c) above if (i) in the case of Bonds to be redeemed prior to the maturity thereof, notice of such redemption shall have been provided pursuant to Section 2.2(c) hereof or provision satisfactory to the Trustee shall have been made for the provisions of such notice, (ii) a verification report of an Independent Accountant shall be delivered to the Trustee, and (iii) an opinion of Bond Counsel shall be delivered to the Trustee to the effect that the requirements of this Indenture have been satisfied with respect to such discharge of Bonds. Upon a discharge of one or more Bonds as described above, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues, and other funds provided for in this Indenture with respect to such Bonds, as applicable, and all other pecuniary obligations of the Authority under this Indenture with respect to such Bonds, shall cease and terminate, except only the obligation of the Authority to comply with the covenants contained in Sections 5.7 and 6.12 hereof, to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose, to pay all expenses and costs of the Trustee and to comply with the covenants contained in Section 5.7 hereof. Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the Authority or upon a Request of the Authority to the City or the Community Facilities District, as applicable.

Notwithstanding anything herein to the contrary, to accomplish the defeasance of Bonds, at least three Business Days prior to any defeasance, the Authority shall deliver to the Insurer draft copies of an escrow agreement, and opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of such Bonds, and a verification report prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and verification report shall be addressed to the Insurer and shall be in form and substance satisfactory to the Insurer. In addition, the escrow agreement shall provide that: a) any substitution of securities shall require the delivery of a verification report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Bonds is excludable) from gross income of the holders of the Bonds of the interest on the Bonds for federal income tax purposes and the prior written consent of the Insurer; b) the Authority will not exercise any prior optional redemption of Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to the Insurer a verification report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption; and c) the Authority shall not amend the escrow agreement or enter

into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Insurer.

Defeasance shall be accomplished only with an irrevocable deposit in escrow of Defeasance Securities. Further substitutions of securities in the escrow are not permitted. The deposit in the escrow must be sufficient, without reinvestment, to pay all principal and interest as scheduled on the Bonds to and including the date of redemption.

Section 9.4 Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Authority is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority, and all the covenants, agreements and provisions contained in this Indenture by or on behalf of the Authority shall bind and inure to the benefit of its successors whether so expressed or not.

Section 9.5 Content of Certificates. Every certificate by or on behalf of the Authority with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the Authority, or upon the certificate or opinion of or representations by an officer or officers of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

Section 9.6 Execution of Documents by Bond Owners. Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section 9.6.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to

take acknowledgements of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Bonds shall be conclusively proved by the Bond Register. Any request, consent or vote of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligation as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Section 9.7 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Authority, the City or the Community Facilities District (but excluding Bonds held in any employees' or retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which a Responsible Officer of the Trustee actually knows to be so owned or held shall be disregarded unless all Bonds are so owned, in which case such Bonds shall be considered Outstanding for the purposes of such determination. Upon request, the Authority shall specify to the Trustee those Bonds disqualified pursuant to this Section 9.7 and the Trustee may conclusively rely upon such certificate.

Section 9.8 Waiver of Personal Liability. No officer, agent or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

Section 9.9 Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The Authority hereby declares that it would have entered into this Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 9.10 Destruction of Cancelled Bonds. Whenever in this Indenture provision is made for the surrender to the Authority or the Trustee of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds in accordance with the retention policy of the Trustee then in effect.

Section 9.11 Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account,

and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with corporate trust industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 9.12 Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, return receipt requested, postage prepaid, or sent by facsimile or other electronic transmission, addressed as follows:

If to the Authority: Beaumont Public Improvement Authority
 c/o City of Beaumont
 550 East 6th Street
 Beaumont, CA 92223
 Attention: Executive Director

If to CFD No. 93-1: CFD No. 93-1
 c/o City of Beaumont
 550 East 6th Street
 Beaumont, CA 92223
 Attention: City Manager

If to the Trustee: Wilmington Trust, National Association
 650 Town Center Drive, Suite 800
 Costa Mesa, CA 92626
 Attention: Corporate Trust Department

The Authority, the City and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

The Authority will provide the Insurer with all notices and other information required to be furnished to the Insurer hereunder and under the Continuing Disclosure Agreement and the Security Documents. Such notice shall be provided to the Insurer as follows:

In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at _____ or at Telecopier: (____) _____ and shall be marked to indicate “_____.”

Section 9.13 Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall be repaid (without liability for interest) by the Trustee to the Authority, as its absolute property and free from

trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make such payment to the Authority, the Trustee shall, at the expense of Authority, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Bond Register, a notice that said moneys remain unclaimed and that, after a date in said notice, which date shall not be less than thirty (30) days after the date of mailing such notice, the balance of such moneys then unclaimed will be returned to the Authority.

Section 9.14 Payment Due on Other than a Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture, is not a Business Day, such payment, with no interest accruing for the period after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture.

Section 9.15 Governing Law. This Indenture shall be governed by the laws of the State of California.

ARTICLE X

MUNICIPAL BOND INSURANCE POLICY AND RESERVE POLICY

Section 10.1 Consent of the Insurer. Any reorganization or liquidation plan with respect to the Authority must be acceptable to the Insurer. In the event of any reorganization or liquidation of the Authority, the Insurer shall have the right to vote on behalf of all holders of the Bonds absent a continuing failure by the Insurer to make a payment under the Policy.

No contract shall be entered into or any action taken by which the rights of the Insurer or security for or source of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

Anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds or the Trustee for the benefit of the holders of the Bonds under this Indenture. No default or event of default may be waived without the Insurer's written consent.

Section 10.2 the Insurer as Owner. Upon the occurrence and continuance of a default or an event of default, the Insurer shall be deemed to be the sole owner of the Bonds for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.

Section 10.3 Special Provisions for Insurer Default. If an Insurer Default shall occur and be continuing, then, notwithstanding anything herein to the contrary, (1) if at any time prior to or following an Insurer Default, the Insurer has made payment under the Policy, to the extent of such payment the Insurer shall be treated like any other holder of the Bonds for all purposes, including giving of consents, and (2) if the Insurer has not made any payment under the Policy, the Insurer shall have no further consent rights until the particular Insurer Default is no longer continuing or the Insurer makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) the Insurer has failed to make any payment

under the Policy when due and owing in accordance with its terms; or (B) the Insurer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Insurer (including without limitation under the New York Insurance Law).

Section 10.4 the Insurer as Third Party Beneficiary. Notwithstanding anything herein to the contrary, the Insurer is recognized as and shall be deemed to be a third party beneficiary of this Indenture and may enforce the provisions of this Indenture as if it were a party hereto.

Section 10.5 Additional Payments. The Authority agrees unconditionally that it will pay or reimburse the Insurer on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that the Insurer may pay or incur, including, but not limited to, fees and expenses of the Insurer's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of this Indenture ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of the Insurer spent in connection with the actions described in the preceding sentence. The Authority agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to the Insurer until the date the Insurer is paid in full.

Notwithstanding anything herein to the contrary, the Authority agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Policy ("the Insurer Policy Payment"); and (ii) interest on such the Insurer Policy Payments from the date paid by the Insurer until payment thereof in full by the Authority, payable to the Insurer at the Late Payment Rate per annum (collectively, "the Insurer Reimbursement Amounts") compounded semi-annually. The Authority hereby covenants and agrees that the the Insurer Reimbursement Amounts are payable from amounts in the Revenue Fund and secured by a lien on and pledge of the Revenues pledged to the Bonds on a parity with debt service due on the Bonds.

Section 10.6 Exercise of Rights by the Insurer. The rights granted to the Insurer under the Security Documents to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Bonds and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the holders of the Bonds or any other person is required in addition to the consent of the Insurer.

the Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are

defined in the Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with this Indenture, whether or not the Insurer has received a claim upon the Policy.

Section 10.7 Payment Procedure under the Policy. In the event that principal and/or interest due on the Bonds shall be paid by the Insurer pursuant to the Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the registered owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Bonds.

In the event that on the second (2nd) Business Day prior to any payment date on the Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Bonds due on such payment date, the Trustee shall immediately notify the Insurer or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Insurer or its designee.

In addition, if the Trustee has notice that any holder of the Bonds has been required to disgorge payments of principal of or interest on the Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify the Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of the Insurer.

The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Bonds as follows:

(a) If there is a deficiency in amounts required to pay interest and/or principal on the Bonds, the Trustee shall (i) execute and deliver to the Insurer, in form satisfactory to the Insurer, an instrument appointing the Insurer as agent and attorney-in-fact for such holders of the Bonds in any legal proceeding related to the payment and assignment to the Insurer of the claims for interest on the Bonds, (ii) receive as designee of the respective holders in accordance with the tenor of the Policy payment from the Insurer with respect to the claims for interest so assigned, and (iii) disburse the same to such respective holders; and

(b) If there is a deficiency in amounts required to pay principal of the Bonds, the Trustee shall (i) execute and deliver to the Insurer, in form satisfactory to the Insurer, an instrument appointing the Insurer as agent and attorney-in-fact for such holder of the Bonds in any legal proceeding related to the payment of such principal and an assignment to the Insurer of the Bonds surrendered to the Insurer, (ii) receive as designee of the respective holders in accordance with the tenor of the Policy payment therefore from the Insurer, and (iii) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current holder,

whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name directed by the Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Authority on any Bond or the subrogation or assignment rights of the Insurer. In the event that a replacement Bond is issued in the name of the Insurer, the Insurer shall determine whether such bond shall be issued as book-entry.

Payments with respect to claims for interest on and principal of Bonds disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Authority with respect to such Bonds, and the Insurer shall become the owner of such unpaid Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

Irrespective of whether any such assignment is executed and delivered, the Authority and the Trustee agree for the benefit of the Insurer that: (a) they recognize that to the extent the Insurer makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Bonds, the Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Authority, with interest thereon, as provided and solely from the sources stated in this Indenture and the Bonds; and (b) they will accordingly pay to the Insurer the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Bonds to holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

IN WITNESS WHEREOF, the Authority has caused this Indenture to be executed by the Executive Director of the Authority, attested by its Secretary, and the Trustee has caused this Indenture to be executed by one of its authorized officers, all as of the day and year first above written.

BEAUMONT PUBLIC IMPROVEMENT
AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

**EXHIBIT A
FORM OF BOND**

R-___ \$_____

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE AUTHORITY OR THE TRUSTEE FOR REGISTRATION OR TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO. HAS AN INTEREST HEREIN.

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE**

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BOND
SERIES 2020A
(FEDERALLY TAXABLE)**

INTEREST RATE: _____% *MATURITY DATE:* September 1, 20__ *DATED DATE:* _____, 2020 *CUSIP NUMBER:*

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____
AND NO/100 DOLLARS

The BEAUMONT PUBLIC IMPROVEMENT AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other funds hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to February 15,

2021, in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on March 1 and September 1 in each year, commencing March 1, 2021 (each, an "Interest Payment Date") until the Maturity Date stated above or date of redemption of this Bond. The Principal Amount hereof is payable upon presentation and surrender hereof at the Trust Office (as defined in the Indenture) of Wilmington Trust, National Association (the "Trustee"). Interest hereon is payable by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the registration books of the Trustee as of the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs; provided, however, that payment of interest may be made by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee in writing at least five (5) Business Days before the Record Date for such Interest Payment Date.

This Bond is one of a duly authorized Series of bonds of the Authority designated the "Beaumont Public Improvement Authority Local Agency Refunding Bonds" (the "Bonds"), limited in principal amount to _____ Dollars (\$_____), secured by an Indenture of Trust dated as of July 1, 2020 (the "Indenture"), by and between the Authority and the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

This Bond is a limited obligation of the Authority, payable solely from the Revenues and funds pledged under the Indenture. This Bond is not a debt of the City of Beaumont (the "City") or the State of California (the "State") or any of its political subdivisions (except the Authority and only to the extent set forth in the Indenture), and none of said City, the State or any of its political subdivisions is liable hereon. The Authority has no taxing power.

The Bonds are authorized to be issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"). The Bonds are limited obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from and secured by a first lien on and pledge of the Revenues and certain other funds held by the Trustee as provided in the Indenture. The Revenues and such other funds constitute a trust fund for the security and payment of the principal of and interest on the Bonds, except to the extent otherwise provided in the Indenture. The full faith and credit of the Authority is not pledged to the payment of the principal of or interest or redemption premiums (if any) on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other funds as provided in the Indenture.

The Bonds have been issued to provide funds to purchase certain obligations of the City of Beaumont Community Facilities District No. 93-1 (the "Community Facilities District") as identified

in the Indenture (collectively, the “Local Obligations”). The Community Facilities District or the City, as applicable, in turn, will take the proceeds that it receives from the sale of the Local Obligations to the Authority to refund certain outstanding indebtedness of the Community Facilities District, all as more particularly described in the Indenture. The obligations of the Community Facilities District to make payments of principal and interest on the Local Obligations are limited obligations secured only as set forth therein.

The Bonds maturing on or before September 1, 20__ are not subject to optional call and redemption prior to maturity. The Bonds maturing on and after September 1, 20__ may be redeemed at the option of the Authority, from any source of available funds, prior to maturity on any date on or after September 1, 20__ as a whole, or in part from maturities of the Local Obligations simultaneously redeemed, if any redemption of Local Obligations is being made in conjunction with such optional redemption, and otherwise from such maturities as are selected by the Authority, by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

The Bonds are subject to special redemption on any Interest Payment Date from proceeds of early redemption of Local Obligations from the prepayment of Special Taxes within an Improvement Area (as such terms are defined in the Indenture), in whole or in part, from maturities corresponding proportionately to the maturities of the Local Obligations simultaneously redeemed at the principal amount thereof, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest to the date of redemption thereof:

Redemption Dates

Premium

The Trustee on behalf, and at the expense of, the Authority shall mail by first class mail, postage prepaid, notice of any redemption (other than mandatory sinking fund redemption) to the respective owners of any Bonds designated for redemption, at their respective addresses appearing on the registration books maintained by the Trustee and to the Securities Depositories and to the Information Services (as such terms are defined in the Indenture), at least thirty (30) but not more than sixty (60) days prior to the redemption date; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, fully registered Bonds may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount and maturity of fully registered Bonds of other authorized denominations.

This Bond is transferable by the Registered Owner hereof, in person or by its attorney duly authorized in writing, at the Trust Office of the Trustee, but only in the manner, subject to the

limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Trustee shall not be required to register the transfer or exchange of any Bond (i) during the 15 days prior to selection of Bonds for redemption, or (ii) selected for redemption.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary. The Indenture and the rights and obligations of the Authority and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

It is hereby certified by the Authority that all things, conditions and acts required to exist, to have happened and to have been 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 the Constitution and statutes of the State of California and by the Act, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California or by the Act.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the BEAUMONT PUBLIC IMPROVEMENT AUTHORITY has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chairman and attested by the facsimile signature of its Secretary, all as of the date set forth above.

BEAUMONT PUBLIC IMPROVEMENT
AUTHORITY

By: _____
Chair

Attest:

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Indenture.

Date: _____, 2020

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signatory

[FORM OF LEGAL OPINION]

The attached is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, 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.

Secretary of the Board of Directors of
Beaumont Public Improvement Authority

[FORM OF STATEMENT OF INSURANCE]

[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 guarantee shall be made by
a guarantor institution participating in the
Securities Transfer Agents Medallion Program
or in such other guarantee program acceptable
to the Trustee.

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

BOND INDENTURE

Between

**CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1**

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee**

**\$ _____
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
(IMPROVEMENT AREA NO. 17B)
2020 SPECIAL TAX REFUNDING BONDS**

Dated as of July 1, 2020

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BOND INDENTURE

THIS BOND INDENTURE dated as of July 1, 2020 (the “Indenture”), is made and entered into by the City of Beaumont Community Facilities District No. 93-1 and Wilmington Trust, National Association, as trustee, and governs the terms of the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 17B) 2020 Special Tax Refunding Bonds and any Parity Bonds issued in accordance herewith from time to time.

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”), has heretofore undertaken proceedings to form the City of Beaumont Community Facilities District No. 93-1 (the “District”) and Improvement Area No. 17B therein (the “Improvement Area”) 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 District has previously issued its Prior Bonds (as defined herein) to finance certain public improvements; and

WHEREAS, on July 7, 2020, the legislative body of the District adopted a resolution (the “Resolution”) authorizing the issuance and sale of special tax bonds for the District pursuant to this Indenture designated as the “City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 17B) 2020 Special Tax Refunding Bonds” (the “Bonds”); and

WHEREAS, it is in the public interest and for the benefit of the District, the persons responsible for the payment of special taxes and the owners of the Bonds that the District enter into this Indenture to provide for the issuance of the Bonds, the disbursement of proceeds of the Bonds, the disposition of the special taxes securing the bonds, and the administration and payment of the Bonds; and

WHEREAS, all things necessary to cause the Bonds, when authenticated by the Trustee and issued as provided in the Act, the Resolution and this Indenture, to be legal, valid and binding and limited obligations in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Indenture and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

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 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.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 *et seq.* of the California Government Code.

“Administrative Expenses” means the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys’ fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for Bonds or which are not otherwise paid as Costs of Issuance, any costs related to the District’s compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds, the District, and any other costs otherwise incurred by the City on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District hereunder. Administrative Expenses shall also include the administrative costs with respect to the collection of Delinquency Proceeds.

“Administrative Expense Fund” means the fund by that name created and established pursuant to Section 3.1 hereof.

“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.

“Authority” means the Beaumont Public Improvement Authority.

“Authority Bonds” means any bonds outstanding under the Authority Indenture, which are secured by payments made on the Bonds.

“Authority Indenture” means that certain Indenture of Trust, dated as of July 1, 2020, by and between the Authority and the Authority Trustee, pursuant to which the Authority Bonds are issued.

“Authority Trustee” means Wilmington Trust, National Association, or any successor thereto appointed pursuant to the Authority Indenture.

“Authorized Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

- (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:

- Federal Home Loan Mortgage Corporation (FHLMC)

Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

Senior Debt obligations

- Farm Credit Banks (formerly: Federal Land Banks, Federal

Intermediate Credit Banks and Banks for Cooperatives)

Consolidated system-wide bonds and notes

- Federal Home Loan Banks (FHL Banks)

Consolidated debt obligations

- Federal National Mortgage Association (FNMA)

Senior debt obligations

Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

- Student Loan Marketing Association (SLMA)

Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)

- Financing Corporation (FICO)

Debt obligations

- Resolution Funding Corporation (REFCORP)

Debt obligations

(4) Unsecured certificates of deposit, time 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 better by Standard & Poor's.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Trustee and any affiliate) which have capital and surplus of at least \$5 million.

(6) Commercial paper rated at the time of purchase (having original maturities of not more than 270 days) "A-1+" by Standard & Poor's and "Prime-1" by Moody's.

(7) Money market funds rated "AAM" or "AAM-G" by Standard & Poor's, or better (including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee).

(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 and "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 and "Aa" or better by Moody's.

(9) Pre-refunded municipal obligations rated "AAA" by S & P and "Aaa" by Moody's meeting the following requirements:

(A) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee 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 trustee 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 trustee or escrow agent.

(10) Repurchase agreements:

(A) 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 and Moody’s; 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 and 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 and Moody’s, provided that:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee 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 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 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 the District or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or Trustee.

(B) 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 and 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 and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(A) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service 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 District and the Trustee hereby agree 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 District and the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the District and the Trustee) 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 District;

(E) the investment agreement shall provide that if during its term.

(1) 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 (i) 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 (ii) repay the principal of and accrued but unpaid interest on the investment; and

(2) 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 District or 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 District or Trustee; 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); and

(G) the investment agreement must provide that if during its term

(1) the provider shall default in its payment obligations, the provider’s obligations under the investment agreement shall, at the direction of the District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate, and

(2) 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 District or Trustee, as appropriate.

(12) The State of California Local Agency Investment Fund; provided that the Trustee may restrict investments in such Fund to the extent necessary to keep monies available for the purposes of this Indenture.

“Authorized Representative of the City” means the City Manager of the City, Assistant City Manager of the City, or his or her designee, the Finance Director of the City, or his or her designee, or any other person or persons designated by the City Council of the City and authorized to act on behalf of the City by a written certificate signed on behalf of the City by the Mayor 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 \$_____ City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 17B) 2020 Special Tax Refunding Bonds.

“Bond Year” means the twelve month period commencing on September 1 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds shall begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

“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 City.

“City” means the City of Beaumont.

“City Council” means the City Council of the City acting as the legislative body of the District.

“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.

“Costs of Issuance” shall have the meaning set forth in the Authority Indenture.

“Defeasance Securities” means non-callable, non-prepayable obligations of the type set forth in clause (1) of the definition of Authorized Investments.

“Delinquency Proceeds” means the net amounts collected from the redemption of delinquent Special Taxes including the penalties and interest thereon and from the sale of property sold as a result of the foreclosure of the lien of the Special Tax resulting from the delinquency in the payment of Special Taxes due and payable on such property.

“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.

“District” means City of Beaumont Community Facilities District No. 93-1 established pursuant to the Act and the Resolution of Formation.

“Escrow Agent” means Wilmington Trust, National Association, acting as escrow agent pursuant to the Escrow Agreement.

“Escrow Agreement” means that Escrow Agreement, dated as of July 1, 2020, by and among the District, the Beaumont Financing Authority and the Escrow Agent relating to the defeasance and refunding of the Prior Bonds.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

“Gross Special Taxes” means the amount of all Special Taxes received by the District, together with Delinquency Proceeds.

“Improvement Area” mean Improvement Area No. 17B of the District.

“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 City;
- (2) does not have any substantial interest, direct or indirect, in the District or City; and
- (3) is not connected with the District or City as a member, officer or employee of the District or City, but who may be regularly retained to make annual or other reports to the District or City.

“Indenture” means this Bond Indenture, together with any Supplemental Indenture approved pursuant to Article 6 hereof.

“Insurance Policy” means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Authority Bonds when due.

“Insurer” means _____, or any successor thereto.

“Interest Payment Date” means each March 1 and September 1, commencing March 1, 2021, and the final maturity date of the Bonds; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date, and in the case of the final Interest Payment Date to and including such date, will be paid on the Business Day next succeeding such date.

“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, its successors and assigns.

“Net Special Taxes” means Gross Special Taxes minus amounts set aside to pay Priority Administrative Expenses.

“Ordinance” means the ordinance adopted by the legislative body of the District providing for the levying of the Special Tax in the Improvement Area.

“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 moneys 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” mean bonds or other securities issued by the District and secured by a lien on the Net Special Taxes which is on parity with the lien thereon securing the Bonds.

“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 Improvement Area made in accordance with the Rate and Method of Apportionment.

“Principal Office of the Trustee” means the corporate trust and agency office of the Trustee located in Costa Mesa, California, provided that for purposes of redemption, payment, exchange, transfer or surrender of Bonds shall mean the corporate trust agency or operations office of the Trustee 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 corporate trust and agency business.

“Prior Bonds” means the District’s Special Tax Bonds, 2011 Series A and Series B (Improvement Area No. 17B) currently outstanding in the aggregate principal amount of \$11,930,000.

“Prior Trustee” means Wilmington Trust, National Association, as trustee under the Prior Indenture.

“Prior Indenture” means that Indenture of Trust dated as of January 15, 1994, as amended and supplemented to date, by and between the District and the Prior Trustee.

“Priority Administrative Expenses” means the amount of \$30,000 payable from Gross Special Taxes annually (other than Delinquency Proceeds); provided that the District may, in its sole

discretion, fund additional Administrative Expenses, without limitation, from Special Taxes not otherwise required to be transferred to the Trustee and from other moneys held in the Administrative Expense Fund.

“Project” means those public facilities described in the Resolution of Formation which were acquired or constructed within and outside of the Improvement Area with the proceeds of the Prior Bonds, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the Improvement Area from time to time.

“Proportionate Share” means, with respect to the calculation set forth in Section 3.2(b)(4), as of the date of calculation, a fraction equal to (A) the principal amount of the Bonds Outstanding divided by (B) the sum of the principal amount of all of the Local Obligations (as defined in the Authority Indenture) Outstanding.

“Rate and Method of Apportionment” means that certain Rate and Method of Apportionment of Special Tax pursuant to which the Special Taxes are levied within the Improvement Area, as amended in accordance with the Act and this Indenture.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“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.

“Reserve Account” means the District’s Account of the Reserve Fund established under the Authority Indenture.

“Reserve Fund” means the fund by that name established by the Authority Indenture.

“Reserve Policy” means the municipal bond debt service reserve insurance policy relating to the Authority Bonds issued by the Insurer.

“Reserve Requirement” shall have the meaning given such term in the Authority Indenture.

“Resolution of Formation” means the resolution adopted by the City Council pursuant to which the City formed the Improvement Area.

“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 District on property within the Improvement Area in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the applicable election in the Improvement Area.

“Standard & Poor’s” means S&P Global Ratings, a Standard & Poor’s Financial Services, LLC business, its successors and assigns.

“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.

“Term Bonds” means the Bonds maturing on September 1, 20__ and September 1, 20__.

“Trustee” means Wilmington Trust, National Association, a national banking association duly organized and existing under the laws of the United States of America, at its principal corporate trust office in Costa Mesa, California, and its successors or assigns, or any other bank, association 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.

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 \$_____ shall be issued for the purpose of (a) refunding and defeasing the Prior Bonds, and (b) funding the District’s share of the Costs of Issuance.

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 Net Special Taxes, no other taxes are pledged to the payment of the Bonds and 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 Special 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 and interest thereon and neither the members of the legislative body of the District or the City Council nor any persons executing the Bonds are liable personally on the 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 Special Taxes for the payment of the interest on or the principal of or premium on 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 Special Taxes.

Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, in order to secure the payment of the principal of and interest on the Bonds and any Parity Bonds in accordance with their terms, the provisions of this Indenture and the Act, the District hereby pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Net Special Taxes and any other amounts held in the Special Tax Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, this Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act. Pursuant to the Act and this Indenture, the Bonds and any Parity Bonds shall be equally payable from the Net Special 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 Special 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 Special 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 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; (a) subject to the limitations herein, 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 (b) the issuance, subject to the limitations contained herein, of Parity Bonds which shall be payable from Net Special 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 underwriter.

The Bonds shall be designated “CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1 (IMPROVEMENT AREA NO. 17B) 2020 SPECIAL TAX REFUNDING 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 March 1, 2021 and each Interest Payment Date thereafter:

Maturity Date
(September 1)

Principal Amount

Interest Rate

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 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 shall 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 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; 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 on the applicable Interest Payment Date 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, 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 shall be typewritten. The Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which forms are hereby approved and adopted as the forms of such Bonds and any Parity Bonds and of the certificate of authentication.

Notwithstanding any provision in this Indenture to the contrary, the District may, in its sole discretion, elect to issue the Bonds and any Parity Bonds in book entry form.

Until definitive Bonds or Parity Bonds 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, 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, 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 and 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 and by the manual or facsimile signature of the City Clerk, or any duly appointed deputy clerk, in their capacity as officers of the District, and the seal of the District (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon, and attested by the signature of the City Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds or Parity Bonds shall cease to be such officer before the Bonds or Parity Bonds so signed and sealed 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), such Bonds or 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 or sealed such Bonds had not ceased to hold such office.

Only the Bonds or Parity 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 or Parity 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, with reasonable notice, 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. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the District. 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.

Notwithstanding the foregoing, neither the Authority nor the Trustee shall sell, transfer or encumber or permit the sale, transfer or encumbrance of any of the Bonds unless the Insurer shall have provided its prior consent.

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 or 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 for the refunding of the Prior Bonds, 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.

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:

(i) The Community Facilities District No. 93-1 Special Tax Fund (the “Special Tax Fund”) (in which there shall be established and created an Interest Account, a Principal Account and a Redemption Account);

(ii) The Community Facilities District No. 93-1 Administrative Expense Fund (the “Administrative Expense Fund”); and

(iii) The Community Facilities District No. 93-1 Surplus Fund (the “Surplus Fund”).

The amounts on deposit in the foregoing funds and accounts shall be held by the Trustee on behalf of the District and shall be invested and disbursed in accordance with the provisions of this Article 3. The investment earnings thereon shall be disbursed in accordance with the provisions of Section 3.7 hereof.

(b) Proceeds from the sale of the Bonds in the amount of \$_____ (constituting the par amount of the Bonds, less Underwriter’s Discount of \$_____) shall be received by the Trustee, together with moneys held by the Prior Trustee under the Prior Indenture in the amount of \$_____ and deposited or transferred in the case of moneys held by the Prior Trustee on the Delivery Date as follows:

(i) \$_____ of the proceeds of the sale of the Bonds shall be transferred to the Escrow Agent for deposit in the escrow fund created under the Escrow Agreement, and the moneys in said fund shall be used only for the payment of the principal of, and interest and premium on, the outstanding Prior Bonds in accordance with the terms of the Escrow Agreement,

(ii) \$_____ of the proceeds of the sale of the Bonds representing the District's share of the Costs of Issuance shall be immediately transferred to the Authority Trustee for deposit in the Cost of Issuance Fund (as such term is defined in the Authority Indenture).

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) The Trustee shall deposit Gross Special Taxes representing Delinquency Proceeds as follows:

(i) the amount representing past due interest on the Bonds shall be deposited to the Interest Account of the Special Tax Fund; and

(ii) the amount representing past due principal of the Bonds shall be deposited to the Principal Account of the Special Tax Fund.

(b) Except for the portion of any Prepayment to be deposited to the Redemption Account, the District shall, as soon as practicable but in no event later than five (5) Business Days after the District has received a written request from the Trustee, transfer the Special Taxes received by the District to the Trustee for deposit in the Special Tax Fund to be held by the Trustee 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:

(i) the Administrative Fund an amount up to the Priority Administrative Expenses for such Fiscal Year in accordance with Section 3.3 herein;

(ii) the Interest Account of the Special Tax Fund the amount necessary to cause the balance on deposit therein to be equal to the interest on the Bonds and any Parity Bonds payable on the next succeeding Interest Payment Date;

(iii) the Principal Account of the Special Tax Fund the amount necessary to cause the balance on deposit therein to be equal to the principal amount of the Bonds and any Parity Bonds and/or the sinking fund payment payable on the next succeeding September 1;

(iv) transfer to the Authority Trustee for deposit in the Reserve Account the amount necessary to cause the balance on deposit therein to equal the District's Proportionate Share of the Reserve Requirement or to reimburse the Insurer pursuant to the Authority Indenture for amounts owed to the Insurer for draws under the Reserve Policy related to the Bonds;

(v) the Redemption Account of the Special Tax Fund; and

(vi) the Surplus Fund.

At least ten (10) Business Days prior to each Interest Payment Date, the Trustee shall notify the District in writing the amount of Special Taxes required to pay the principal of and interest on the Bonds and any Parity Bonds on the next succeeding Interest Payment Date and the amount necessary to cause the balance on deposit in the Reserve Account to equal the District's Proportionate Share of the Reserve Requirement. The Trustee shall notify the Authority Trustee and the Insurer at least five

(5) Business Days prior to each Interest Payment Date if there is not on deposit with the Trustee, after making all of the transfers required hereunder, moneys sufficient to pay the principal of and interest on the Bonds and any Parity Bonds.

Section 3.3 Administrative Expense Fund. The Trustee shall transfer from the Special Tax Fund and deposit in the Administrative Expense Fund from time to time amounts necessary to make timely payment of Administrative Expenses as set forth in a Certificate of an Authorized Representative. Moneys in the Administrative Expense Fund may be invested in any Authorized Investments as directed in writing by an Authorized Representative of the District and shall be disbursed as directed in a Certificate of an Authorized Representative.

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 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 to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made. At least three (3) Business Days prior to an Interest Payment Date, the Trustee shall notify the Authority and the Trustee if there are insufficient funds to provide for the payment of principal and interest due on the Bonds and any Parity Bonds on such Interest Payment Date.

Section 3.5 Redemption Account of the Special Tax Fund.

(a) After making the transfers and deposits required by 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 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 District's Proportionate Share of the Reserve Requirement, as determined by the District.

(b) Prepayments deposited to the Redemption Account shall be applied on the redemption date established pursuant to Section 4.1(b) 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.

(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, other than Prepayments, 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, the premium applicable at the next following call date according to the premium schedule established pursuant to Section 4.1(a) hereof, 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 Surplus Fund. After making the transfers required by Sections 3.3, 3.4 and 3.5 hereof, as soon as practicable after each September 1, and in any event prior to each October 1, 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 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. Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the City (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 are insufficient therefor, (ii) to the Reserve Account in order to replenish the Reserve Account to the District's Proportionate Share of 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) 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 Authorized 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 Authorized 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 3.7 Investments. Moneys held in any of the Accounts under this Indenture shall be invested by the Trustee or the District, as applicable, in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such Accounts. Any loss resulting from such Authorized Investments shall be credited or charged to the Account from which such investment was made, and any investment earnings on amounts deposited in the Special Tax Fund, and each Account therein, and of the Surplus Fund shall be deposited in

those respective Funds and Accounts. Moneys in the Accounts held under this Indenture may be invested by the District or the Trustee as directed in writing by the District, as applicable, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Interest Account, the Principal Account, and the Redemption Account of the Special Tax Fund shall be invested only in Authorized Investments which will by their terms mature, or 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 as the same become due.

(b) In the absence of written investment directions from the District, the Trustee shall hold moneys hereunder uninvested.

The District or the Trustee, as applicable, shall sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Accounts or from such Accounts to which such Authorized Investments is credited. For the purpose of determining at any given time the balance in any such Accounts, any such investments constituting a part of such Accounts shall be valued at the lower of the cost or the market value thereof, exclusive of accrued interest, semiannually. In making any valuations hereunder, the District or the Trustee, as applicable, may utilize such generally recognized pricing information services (including brokers and dealers in securities) 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 District or the Trustee, as applicable, shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Indenture.

The Trustee or the District, as applicable, may act as principal or agent in the making or disposing of any investment. The Trustee or the District, as applicable, may sell, or present for redemption, any Authorized 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 Authorized Investment is credited, and, the Trustee or the District, as applicable, shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee or the District, as applicable, may commingle the funds and accounts established hereunder, but shall account for each separately.

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 as they occur, at no additional cost, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder. The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the holding, acquisition or disposition of any investment.

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1 Redemption of Bonds.

(a) Optional Redemption. The Bonds maturing on or after September 1, 20__ may be redeemed, at the option of the District from any source of funds on any date on or after September 1, 20__, in whole, or in part from such maturities as are selected by the District and by lot within a maturity, at a redemption price of the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

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 to be redeemed. The notice to the Trustee shall be given at least 60 but no more than 90 days prior to the redemption date, or by such later date as is acceptable to the Trustee, in its sole discretion. The Bonds may be redeemed pursuant to this Section 4.1(a) only with the prior consent of the Authority as set forth in the Authority Indenture.

Notwithstanding the foregoing, without the prior consent of the Insurer, the Bonds are not subject to optional redemption prior to maturity unless all of the then outstanding Local Obligations (as defined in the Authority Indenture) are redeemed at the same time.

(b) Extraordinary Redemption. The Bonds are subject to extraordinary redemption from Prepayments as a whole, or in part on a pro rata basis among maturities, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to Section 3.2 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>Premium</i>
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For so long as the Bonds are held in trust by the Trustee, in connection with the calculation of such redemption price, the District shall receive a credit from the Authority from the reduction in the Reserve Requirement resulting from the redemption of the Bonds and the Authority Bonds so redeemed in connection therewith.

(a) 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__

Redemption Dates
(September 1)

Principal Amount

\$

(maturity)

(c) 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. In selecting portions of such Bonds or Parity Bonds for redemption, the Trustee shall treat such Bonds or Parity Bonds, as applicable, as representing that number of Bonds or Parity Bonds of \$5,000 denominations which is obtained by dividing the principal amount of such Bonds or Parity Bonds to be redeemed in part by \$5,000, and such selection of Bonds for redemption shall be by lot. The procedure for the selection of Parity Bonds for redemption may be modified as set forth in the Supplemental Indenture for such Parity Bonds; otherwise, such selection shall be by lot. The Trustee shall promptly notify the District, in writing, of the Bonds or Parity Bonds, or portions thereof, selected for redemption.

Section 4.3 Reserved.

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 Availability of Redemption Money. 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 Principal 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 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 and tend to make them more marketable; 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 of the District to deposit all Special Taxes with the Trustee immediately upon 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 Special 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 Net Special Taxes except as provided in this Indenture, and will not issue any obligation or security having a lien or charge upon the Net Special Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing herein shall prevent the District from issuing or incurring indebtedness which is payable from a pledge of Net Special Taxes which is subordinate in all respects to the pledge of Net Special Taxes to repay the Bonds and the Parity Bonds.

(b) Levy of Special Tax. So long as any Bonds or Parity Bonds issued under this Indenture are Outstanding, the legislative body of the District covenants to levy the Special Tax (taking into consideration reasonably anticipated delinquencies) in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay (1) the principal of and interest on the Bonds and any Parity Bonds when due, (2) the Priority Administrative Expenses, and (3) any amounts required to replenish the Reserve Account resulting from the delinquency in the payment of scheduled debt service on the Bonds or any Parity Bonds (collectively, the “Special Tax 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 covenants for the benefit of the Owners of the Bonds and any Parity Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$2,500 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; and (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is at less than the Reserve Requirement, and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District covenants that it will deposit the net proceeds of any foreclosure to 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.

(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 Special 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 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 Project, 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 Authority 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:

(i) 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 moneys or property which would cause the Authority 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;

(ii) 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 Authority 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;

(iii) 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 Authority 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;

(iv) 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 Authority 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 Authority Bonds; and

(v) 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 Authority 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 Improvement Area below the levels provided in this Section 5.2(g) 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 Improvement Area as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing taxable property in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least the sum of the Priority Administrative Expenses for such Bond Year plus 110% of the gross debt service in such 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.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the Improvement Area which purports to reduce the minimum or the maximum Special Tax below the levels specified in Section 5.2(g) 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) Further Assurances. The District shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper 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.

(k) Subordinate Debt. Any indebtedness of the District evidenced by any subordinated debt and any renewals or extensions thereof (herein called "Subordinated Indebtedness"), shall at all times be wholly subordinate and junior in right of payment to any and all indebtedness of the District under this Indenture (herein called "Superior Indebtedness"). Following an event of default under this Indenture, no Subordinated Indebtedness shall be paid prior to any Superior Indebtedness in any fiscal year of the District. If the holder of the Subordinated Indebtedness is a commercial bank, savings bank, savings and loan association or other financial institution which is authorized by law to accept and hold deposits of money or issue certificates of deposit, such holder must agree to waive any common law or statutory right of setoff with respect to any deposits of the District maintained with or held by such holder.

(l) Pledged Net Special Taxes. The District represents it has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Net Special Taxes that ranks on a parity with or prior to the pledge granted under this Indenture. The District, except as may be provided otherwise in this Indenture, shall not hereafter make any pledge or assignment of, lien on, or security interest in the Net Special Taxes payable senior to or on a parity with the pledge of Net Special Taxes established under 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 (except as otherwise provided in this Section 6.1), 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 Supplemental Indenture, provided that such action is not materially adverse to the interests of the Bondowners, as evidenced by the opinion of counsel delivered pursuant to Section 6.4 hereof;

(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 (which may be issued for refunding purposes only), 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, as evidenced by the opinion of counsel delivered pursuant to Section 6.4 hereof; or

(e) to modify, alter or amend the rate and method of apportionment of the Special Taxes in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the Improvement Area to an amount which is less than the sum of the Priority Administrative Expenses for such Bond Year plus 110% of the gross debt service in such Bond Year on all Bonds and Parity Bonds to remain Outstanding as of the date of such amendment, as certified to the Trustee by an Authorized Representative of the City; or

(f) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Bondowners or adverse to the rights and interest of the Insurer, as evidenced by the opinion of counsel delivered pursuant to Section 6.4 hereof.

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; except that in determining whether the Trustee shall be protected in relying upon any such approval or consent of an Owner, only Bonds which the Trustee actually knows to be 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 unless all Bonds are so owned, in which case such Bonds shall be considered Outstanding for the purpose of 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.

The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by Sections 6.1 and 6.2 which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

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.

Section 6.4 Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Bond Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and complies with the terms hereof. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

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 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; provided, however, that the Trustee shall be at all times the same entity as the Authority Trustee.

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 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 from time to time, subject to any agreement between the District and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties hereunder, and indemnify and save the Trustee, its officers, directors, employees and agents, harmless from and against costs, claims, expenses, suits, judgments, damages 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 or the discharge of the Bonds. When the Trustee incurs expenses or renders services after the occurrence of an event of default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law. Upon an event of default, and only upon an event of default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it.

Section 7.2 Removal of Trustee. The District may, upon thirty (30) days' prior written notice 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, association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000, 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, association 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, association 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. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the retiring Trustee or any Owner (on behalf of itself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

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 Bond 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 corporate trust office responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its corporate trust office.

The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of 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, Acts of God or of the public enemy or terrorists or acts of a government.

The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Owners pursuant to the provisions of this Indenture unless such Owners shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such

duties as are specifically set forth in the Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill as a prudent person would use or exercise in the circumstances in the conduct of such prudent person's own affairs.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District, whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers and shall not be answerable for the conduct of the same if appointed with due care hereunder. The Trustee shall not be accountable for the use or application by the District of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any paying agent. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default.

The Trustee may become the owner of Bonds secured hereby with the same rights it would have if not Trustee. The Trustee shall have no responsibility with respect to compliance by the District with Section 148 of the Code or any covenant in this Indenture regarding yields on investments.

Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

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.

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 immediately upon the occurrence of an event of default under (a) or (b) above and within 30 days of the Trustee’s actual knowledge of an event of default under (c) above.

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 Outstanding Bonds and Parity Bonds and is indemnified to its satisfaction, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as shall be deemed 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.

The Bonds and any Parity Bonds are not subject to acceleration prior to maturity.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

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, or already held by the Trustee hereunder, shall be applied by the Trustee in the following order:

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 VIII, 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 Special 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 VIII 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 Special 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 VIII 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 Special 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 prepared on behalf of the District to evidence such discharge and satisfaction, and the Trustee

shall pay over or deliver to the District's general fund 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, Defeasance 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;

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 District under Section 7.1 hereof and 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. 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 (b) or (c) above, there shall be provided to the District and the Trustee 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 prepared on behalf of the District 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 Special 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. The District shall not incur any additional bonded indebtedness payable from Net Special Taxes, including any additional bonded indebtedness subordinate to the Bonds, except for Parity Bonds which satisfy the requirements of this Indenture set forth in Section 9.2 hereof. Parity Bonds which may only be issued to effect a partial refunding will be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) As certified by the District, 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:

(i) 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;

(ii) The authorized principal amount of such Parity Bonds;

(iii) 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;

(iv) The description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(v) The denominations and method of numbering of such Parity Bonds;

(vi) The amount and due date of each mandatory sinking fund payment, if any, for such Parity Bonds;

(vii) The amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account to increase the amount therein to the Proportionate Share;

(viii) The form of such Parity Bonds; and

(ix) Such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

(c) The District shall have delivered the following documents or money or securities, 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 accept any of such documents bearing a prior date):

(i) A certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(ii) A written request of the District as to the delivery of such Parity Bonds;

(iii) An opinion of Bond Counsel to the District to the effect that (i) the District has the right and power under the Act to adopt the Supplemental Indenture relating to such Parity Bonds, and the Supplemental Indenture has been duly and lawfully adopted by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms (subject to the usual and customary exceptions); (ii) the Indenture creates the valid pledge which it purports to create of the Net Special Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (subject to the usual and customary exceptions) and the terms of the Indenture and all Supplemental Indentures thereto and are entitled to the benefits of the 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 the 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.

(iv) A certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Indenture, including that the District has complied with this Section 9.2;

(v) 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;

(vi) 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; and

(d) No Event of Default shall have occurred and be continuing with respect to the Bonds or the Authority Bonds, and the Parity Bonds shall be acquired by the Authority, as certified by the District and the Authority.

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, upon request of the District, 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 or 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 or the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee or the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid (without liability for interest) by the Trustee or the Trustee to the District, as its absolute property and free from trust, and the Trustee or 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 written request of the District or the Trustee shall, at the expense of the District, 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.

So long as the Insurance Policy shall be in effect, the Insurer shall be deemed a third party beneficiary of this Indenture.

Section 10.5 Provisions Relating to the Insurer.

(a) The District covenants and agrees to reimburse the Insurer for all Insurer Reimbursement Amounts (as defined in the Authority Indenture) in connection with or in any way relating to a District default or breach hereunder or, if such amounts are Administrative Costs (as defined in the Authority Indenture), then the District shall be obligated and agrees to pay the Insurer its pro rata share (based on the outstanding principal amount of the Local Obligations (as defined in the Authority Indenture)) of such amounts. The foregoing in no way limits the obligation or ability of the Authority to pay or reimburse the Insurer from Revenues (as defined in the Authority Indenture) as provided in the Authority Indenture.

All Insurer Reimbursement Amounts are payable from and secured by a lien on and pledge of the Net Special Taxes on parity with debt service due on the Bonds. In addition, all Policy Costs (as defined in the Authority Indenture) are payable from and secured by a lien on and pledge of the Net

Special Taxes subordinate only to the payment of debt service on the Bonds and Insurer Reimbursement Amounts.

(b) The notice address of the Insurer is: _____, Attention: Surveillance, Re: Policy No. _____. Telephone: (____) _____, Telecopier (____) _____, Email: _____. In each case in which notice or other communication refers to an event of default or a claim on the Insurance Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at _____ or at Telecopier: (____) _____ and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

(c) The Insurer shall have the right to receive such additional information as it may reasonably request.

(d) The District will permit the Insurer to discuss the affairs, finances and accounts of the District or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the District and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the District on any Business Day upon reasonable prior notice.

(e) So long as any Authority Bonds insured by the Insurer remain outstanding or any amounts are owed to the Insurer by the District, the District shall not enter into any interest rate exchange agreement, cap, collar, floor ceiling or other agreement or instrument secured by or payable from Net Special Taxes involving reciprocal payment obligations between the District and a counterparty based on interest rates applied to a notional amount of principal, without the prior written consent of the Insurer.

(f) The Insurer shall be provided with the following information by the District or the Trustee under this Indenture, as the case may be:

(i) Annual audited financial statements of the District, if any, within 180 days after the end of the District’s fiscal year (together with a certification of the District that it is not aware of any default or event of default under this Indenture), and the District’s annual budget, if any, within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(ii) Notice of any default actually known to the Trustee or the District within five Business Days after knowledge thereof;

(iii) Prior notice of the advance refunding or redemption of any of the Authority Bonds or the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(iv) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(v) Notice of the commencement of any proceeding by or against the District commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”);

(vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(vii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Security Documents; and

(viii) All reports, notices and correspondence to be delivered to Owners under the terms of the Security Documents.

In addition, to the extent that the District has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Authority Bonds, all information furnished pursuant to such agreements shall also be provided to the Insurer, simultaneously with the furnishing of such information.

(g) Notwithstanding anything else in this Indenture or the Authority Indenture to the contrary, the provisions herein and in the Authority Indenture requiring the consent, approval or direction of the Insurer shall be applicable only at such time as the Insurer shall be in compliance with its payment obligations under the Insurance Policy and the Reserve Policy.

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 proper 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 City Manager of the City of Beaumont, 550 East 6th Street, Beaumont, California 92223, and all notices to the Trustee in its capacity as Trustee shall be mailed, first class, postage prepaid, or personally delivered to the Trustee, Wilmington Trust, National Association, 650 Town Center Drive, Suite 800, Costa Mesa, California 92626; Attention: Corporate Trust Department.

Section 10.9 Governing Laws. This Indenture shall be governed by the laws of the State of California.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1 has caused this Bond Indenture to be signed by the City Manager of the City of Beaumont and attested to by the City Clerk of the City of Beaumont, and WILMINGTON TRUST, NATIONAL ASSOCIATION in token of its acceptance of the duties of the Trustee created hereunder, has caused this Bond Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1

By: _____
City Manager of the City of Beaumont, acting in its capacity as the legislative body of City of Beaumont Community Facilities District No. 93-1

ATTEST:

City Clerk of the City of Beaumont, acting in its capacity as the legislative body of City of Beaumont Community Facilities District No. 93-1

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF 2020 SPECIAL TAX REFUNDING BOND

No. __

[\$[PRINCIPAL AMOUNT]

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE**

**CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
(IMPROVEMENT AREA NO. 17B)
2020 SPECIAL TAX REFUNDING BOND**

INTEREST RATE: _____% ***MATURITY DATE:*** September 1, 20__ ***DATED DATE:*** July __, 2020

REGISTERED OWNER: Wilmington Trust, National Association, as Trustee under that certain Indenture of Trust dated as of July 1, 2020 by and between the Beaumont Public Financing Authority and Wilmington Trust, National Association, as Trustee

PRINCIPAL AMOUNT: _____ AND
NO/100 DOLLARS

CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1 (the “District”) 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 and the final maturity date of the Bonds (each an “Interest Payment Date”), commencing March 1, 2021 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), 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 the month in which the Interest Payment Date occurs (the “Record Date”) at such Registered Owner’s address as it appears on the registration books maintained by the Trustee.

This Bond is one of a duly authorized issue of “City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 17B) 2020 Special Tax Refunding 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 refinancing outstanding special tax bonds of the District, 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 of Beaumont, acting in its capacity as the legislative body of the District (the “Legislative Body”), on July 7, 2020, and a Bond Indenture, dated as of July 1, 2020, by and between the District and the Trustee, executed in connection therewith (the “Indenture”), 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 adopted 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 (the “Net Special Taxes”) of the annual special taxes authorized under the Act to be levied and collected within Improvement Area No. 17B of the District (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 Net Special Taxes pledged and collected, which include 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, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Indenture it will commence and diligently pursue to completion appropriate foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.

The Bonds maturing on or after September 1, 20__ may be redeemed, at the option of the District from any source of funds on any date on or after September 1, 20__, in whole, or in part from such maturities as are selected by the District and by lot within a maturity, at a redemption price of the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

The Bonds are subject to extraordinary redemption as a whole, or in part on a pro rata basis among maturities, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

*Redemption Dates**Premium*

For so long as the Bonds are held in trust by the Trustee, in connection with the calculation of such redemption price, the District shall receive a credit from the Authority from the reduction in the Reserve Requirement resulting from the redemption of the Bonds and the Authority Bonds so redeemed in connection therewith.

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 OR OF THE DISTRICT FOR WHICH THE CITY OF BEAUMONT 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 AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE CITY OF BEAUMONT, 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, the City of Beaumont Community Facilities District No. 93-1 has caused this Bond to be dated as of July __, 2020, signed on behalf of the District by the Mayor of the City of Beaumont by his facsimile signature and attested by the facsimile signature of the Clerk of the City Council.

Mayor of the City of Beaumont, acting in its capacity
as the legislative body of the City of Beaumont
Community Facilities District No. 93-1

ATTEST:

Clerk of the City Council of the City of
Beaumont, acting in its capacity as the
legislative body of the City of Beaumont
Community Facilities District No. 93-1

[FORM OF TRUSTEE'S CERTIFICATE
OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-defined Indenture.

Dated: _____, 2020

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

[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.

Clerk of the City Council of the City of Beaumont,
acting in its capacity as the legislative body of the
City of Beaumont Community Facilities District
No. 93-1

[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 guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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.

THIRTY-SEVENTH SUPPLEMENTAL INDENTURE OF TRUST

between

CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee**

**CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1
SPECIAL TAX REFUNDING BONDS, 2020 SERIES A
(IMPROVEMENT AREA NO. 8C)**

Dated as of July 1, 2020

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THIRTY-SEVENTH SUPPLEMENTAL INDENTURE OF TRUST

THIS THIRTY-SEVENTH SUPPLEMENTAL INDENTURE OF TRUST dated as of July 1, 2020 (this “Thirty-Seventh Supplemental Indenture”), governs the terms of the City of Beaumont Community Facilities District No. 93-1 Special Tax Refunding Bonds, 2020 Series A (Improvement Area No. 8C), which are being issued as Parity Bonds in accordance with the Original Indenture (as defined below).

R E C I T A L S :

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”), has heretofore undertaken proceedings and declared the necessity to issue bonds of City of Beaumont Community Facilities District No. 93-1 (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, the District and Wilmington Trust, National Association, as successor trustee (the “Trustee”), have previously entered into an indenture of trust dated as of January 15, 1994 (the “Original Indenture”), to provide for the issuance of bonds of the District pursuant to the terms of the Original Indenture; and

WHEREAS, the District financed and refinanced the costs of certain Projects through the issuance of its (i) Special Tax Bonds, 2012 Series A (Improvement Area No. 8C) (the “2012A Bonds”), pursuant to the Original Indenture, as supplemented by the Twenty-Fourth Supplemental Indenture of Trust, dated as of March 1, 2012 (the “Twenty-Fourth Supplemental Indenture”), (ii) Special Tax Refunding Bonds, 2017 Series A (Improvement Area No. 8C) (the “2017 Bonds”), pursuant to the Original Indenture, as supplemented by the Thirty-Third Supplemental Indenture of Trust, dated as of July 1, 2017 (the “Thirty-Third Supplemental Indenture”) and (iii) Special Tax Bonds, 2018 Series A (Improvement Area No. 8C) (the “2018 Bonds”), pursuant to the Original Indenture, as supplemented by the Thirty-Fifth Supplemental Indenture of Trust, dated as of July 1, 2018 (the “Thirty-Fifth Supplemental Indenture”); and

WHEREAS, Section 2.11 of the Original Indenture provides that the District may by Supplemental Indenture issue additional Series of Bonds in order to aid in financing any component of the Project; and

WHEREAS, the District has been duly authorized to issue a Series of Bonds pursuant to the Original Indenture, as supplemented by this Thirty-Seventh Supplemental Indenture (together with the Original Indenture, the Thirty-Third Supplemental Indenture and the Thirty-Fifth Supplemental Indenture, the “Indenture”) designated as the City of Beaumont Community Facilities District No. 93-1 Special Tax Refunding Bonds, 2020 Series A (Improvement Area No. 8C) (the “2020 Bonds”) in an aggregate principal amount of \$_____ for the purpose of refunding the Outstanding 2012A Bonds and paying costs of issuing the 2020 Bonds;

WHEREAS, the District has determined that the conditions contained in Sections 2.11 of the Original Indenture and the Act have been satisfied, and the 2020 Bonds are being issued as a Series of Bonds pursuant to the Original Indenture and, after the refunding of the Outstanding 2012A

Bonds, the Outstanding 2017 Bonds and the Outstanding 2018 Bonds shall be payable from Special Taxes levied within the Improvement Area on a parity with the 2020 Bonds;

WHEREAS, Section 9.01(b) of the Original Indenture provides for the amendment of the Original Indenture: (i) to add to the covenants and agreements of the District in the Indenture contained other covenants and agreements to be observed; and (ii) for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision of the Original Indenture, provided that such amendment does not materially adversely affect the owners of the Bonds of any Series and to facilitate the issuance of Parity Bonds by the District; and

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the 2020 Bonds are to be issued, and in consideration of the promises and of the mutual covenants contained herein and of the purchase and acceptance of the 2020 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 2012A Bonds, the 2017 Bonds and the 2020 Bonds issued under the Indenture, as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All capitalized terms not otherwise defined in this Supplemental Indenture shall have the meaning set forth in the Original Indenture, as supplemented by the Twenty-Fourth Supplemental Indenture and the Thirty-Third Supplemental Indenture. The following definitions set forth in Section 1.01 of the Indenture are revised, or added, as the case may be, to mean the following with respect to the 2020 Bonds:

Authority Bonds

The term “Authority Bonds” means any bonds outstanding under the Authority Indenture, which are secured in part by payments made on the 2020 Bonds.

Authority Indenture

The term “Authority Indenture” means that certain Indenture of Trust, dated as of July 1, 2020, by and between the Authority and the Authority Trustee, pursuant to which the Authority Bonds are issued.

Authority Trustee

The term “Authority Trustee” means Wilmington Trust, National Association, or any successor thereto appointed pursuant to the Authority Indenture.

Bonds; 2012A Bonds; 2017 Bonds, 2020 Bonds

The term “Bonds” means the 2017 Bonds, the 2018 Bonds, the 2020 Bonds and any additional Parity Bonds. The terms “2012A Bonds,” the “2017 Bonds” and the 2018 Bonds are defined in the third “Whereas” clause above. The term “2020 Bonds” is defined in the fifth “Whereas” clause above.

Escrow Agreement

The term “Escrow Agreement” means the Escrow Agreement dated as of July 1, 2020, by and between the District and Wilmington Trust, National Association, as escrow agent relating to the defeasance of the Outstanding 2012A Bonds.

Escrow Fund

The term “Escrow Fund” means the fund by that name established under the Escrow Agreement.

Improvement Area

The term “Improvement Area” means Improvement Area No. 8C of the District.

Indenture

The term “Indenture” is defined in the fifth “Whereas” clause above.

Insurance Policy

The term “Insurance Policy” means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Authority Bonds when due.

Insurer

The term “Insurer” means _____, or any successor thereto.

Interest Payment Date

The term “Interest Payment Date” means each March 1 and September 1, and with respect to the 2020 Bonds, commencing March 1, 2021.

Original Indenture

The term “Original Indenture” is defined in the second “Whereas” clause above.

Proportionate Share

The term “Proportionate Share” means, as of the date of calculation, a fraction equal to (A) the principal amount of the 2020 Bonds Outstanding divided by (B) the sum of the principal amount of all of the Local Obligations (as defined in the Authority Indenture) Outstanding.

Reserve Account

The term “Reserve Account” means, with respect to the 2020 Bonds, the District’s Account of the Reserve Fund established under the Authority Indenture.

Reserve Requirement

The term “Reserve Requirement” with respect to the Authority Bonds, shall have the meaning given such term in the Authority Indenture.

Reserve Fund

The term “Reserve Fund” means the fund by that name established by the Authority Indenture.

Reserve Policy

The term “Reserve Policy” means the municipal bond debt service reserve insurance policy relating to the Authority Bonds issued by the Insurer.

Security Documents

The term “Security Documents” means the Authority Indenture, the Local Obligation Indentures (as defined in the Authority Indenture) and/or any additional or supplemental document executed in connection with the Authority Bonds.

Twenty-Fourth Supplemental Indenture

The term “Twenty-Fourth Supplemental Indenture” is defined in the third “Whereas” clause above.

Thirty-Third Supplemental Indenture

The term “Thirty-Third Supplemental Indenture” is defined in the third “Whereas” clause above.

Thirty-Seventh Supplemental Indenture

The term “Thirty-Seventh Supplemental Indenture” means this Thirty-Seventh Supplemental Indenture, dated as of July 1, 2020, between the District and the Trustee, as originally executed.

Term Bonds

The term “Term Bonds” means the 2020 Bonds maturing on September 1, 20__ and September 1, 20__.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance, Purpose and Nature of 2020 Bonds. Under and pursuant to the Thirty-Fifth Supplemental Indenture, the 2020 Bonds in the aggregate principal amount of \$_____ shall be issued as Parity Bonds governed by the terms of the Original Indenture, as supplemented by the Thirty-Third Supplemental Indenture, the Third-Fifth

Supplemental Indenture and by this Thirty-Seventh Supplemental Indenture, for the purpose of refunding the Outstanding 2012A Bonds and paying the Costs of Issuance of the 2020 Bonds.

As provided in Section 2.12 of the Original Indenture, the 2020 Bonds shall be equally payable from the Net Taxes levied within the Improvement Area without priority for number, issue date, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal and any premiums upon the redemption thereof shall be exclusively paid from such Net Taxes and moneys on deposit in the Special Tax Fund established for the Improvement Area, the applicable portion of moneys on deposit in the Accounts in the Bond Fund, the Redemption Fund which are hereby set aside for the payment of the 2020 Bonds.

Section 2.2. Description of Bonds; Interest Rates. The 2020 Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof within a single maturity. The 2020 Bonds shall be numbered as determined by the Trustee.

The 2020 Bonds shall be designated “CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1 SPECIAL TAX REFUNDING BONDS, 2020 SERIES A (IMPROVEMENT AREA NO. 8C).” The 2020 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 March 1, 2021 and each Interest Payment Date thereafter:

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
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Section 2.3. Form of 2020 Bonds; Execution and Authentication.

(a) The 2020 Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which forms are hereby approved and adopted as the forms of such 2020 Bonds and of the certificate of authentication.

Only the 2020 Bonds bearing thereon such certificate of authentication in the form set forth in Exhibit A attached hereto shall be entitled to any right or benefit under the Indenture, and no 2020 Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. The 2020 Bonds shall be registered in the Registration Books of the Trustee in the name of Wilmington Trust, National Association, as Authority Trustee, and shall not be delivered in book-entry form.

Neither the Authority nor the Trustee shall sell, transfer or encumber or permit the sale, transfer or encumbrance of any of the 2020 Bonds unless the Insurer shall have provided its prior consent.

Section 2.4. Conditions to Issuance of 2020 Bonds. The 2020 Bonds shall not be issued unless and until the conditions for the issuance of the 2020 Bonds as Parity Bonds pursuant to Section 2.11 of the Indenture shall have been satisfied.

ARTICLE III

APPLICATION OF PROCEEDS OF 2020 BONDS

Section 3.1. Application of Proceeds of Sale of 2020 Bonds

(a) Application of 2020 Bond Proceeds. The net proceeds of the sale of the 2020 Bonds shall be received by the Trustee on behalf of the District and deposited as follows:

(i) \$_____ shall be deposited to the Escrow Fund to refund the Outstanding 2012A Bonds;

(ii) \$_____ of the proceeds of the sale of the 2020 Bonds representing the District's share of Costs of Issuance shall be immediately transferred to the Authority Trustee for deposit in the Cost of Issuance Fund (as such term is defined in the Authority Indenture); and

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

ARTICLE IV

REDEMPTION OF 2020 BONDS

Section 4.1. Redemption of 2020 Bonds

(a) Optional Redemption. The 2020 Bonds maturing on or after September 1, 20__ may be redeemed, at the option of the District from any source of funds on any date on or after September 1, 20__, in whole, or in part from such maturities as are selected by the District and by lot

within a maturity, at a redemption price of the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

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 to be redeemed. The notice to the Trustee shall be given at least 60 but no more than 90 days prior to the redemption date, or by such later date as is acceptable to the Trustee, in its sole discretion. The Bonds may be redeemed pursuant to this Section 4.1(a) only with the prior consent of the Authority as set forth in the Authority Indenture.

Notwithstanding the foregoing, without the prior consent of the Insurer, the 2020 Bonds are not subject to optional redemption prior to maturity unless all of the then outstanding Local Obligations (as defined in the Authority Indenture) are redeemed at the same time.

(b) Extraordinary Redemption. The 2020 Bonds are subject to redemption in whole or in part in the maturities selected by the District, and by lot within a maturity, on any Interest Payment Date from the proceeds of the prepayment of the Special Taxes deposited in the Redemption Fund pursuant to the Indenture and from amounts transferred from the District Residual Fund and the Reserve Account in connection with such redemption. Such mandatory redemption of the 2020 Bonds shall be at the following redemption prices (expressed as percentages of the principal amount of the 2020 Bonds to be redeemed), together with accrued interest thereon to the date of redemption:

Redemption Dates

Redemption Prices

For so long as the 2020 Bonds are held in trust by the Trustee, in connection with the calculation of such redemption price, the District shall receive a credit from the Authority from the reduction in the Reserve Requirement resulting from the redemption of the 2020 Bonds and the Authority Bonds so redeemed in connection therewith.

Prepayments will be allocated to the payment at maturity and redemption of Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of the Bonds and such amounts shall be applied to redeem Bonds as nearly as practicable on a pro rata basis among maturities in increments of \$5,000.

(c) Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 20__ shall be called before maturity and redeemed, from the Sinking Payments that have been deposited into the Sinking Account, on September 1, 20__ and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking 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:

2020 BONDS MATURING SEPTEMBER 1, 20__

Redemption Dates
(September 1)

Principal Amount
\$

(maturity)

ARTICLE V

AMENDMENTS

Section 5.1. Amendment to Section 5.02(e) of the Indenture with Respect to the Bonds. For purposes of clarifying the replenishment of reserve funds and accounts established with respect to the Bonds, solely with respect to the Bonds, Section 5.02 of the Original Indenture, as supplemented and amended by the Thirty-Third Supplemental Indenture and the Thirty-Fifth Supplemental Indenture, is amended and restated in its entirety to read as follows:

“(e) Without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the Trustee for deposit in any Reserve Account established under the Indenture in connection with the Bonds and to any other trustee for deposit in any reserve fund or account established in connection with or allocated to the Bonds, the amount necessary to cause the balance on deposit therein to equal the applicable reserve requirement. The foregoing transfer shall include any transfer to the Authority Trustee for deposit in the Reserve Account established under the Authority Indenture for the 2020 Bonds, the amount necessary to cause the balance on deposit therein to equal the District’s Proportionate Share of the Reserve Requirement (as defined in the Authority Indenture) or to reimburse the Insurer pursuant to the Authority Indenture for amounts owed to the Insurer for draws under the Reserve Policy related to the 2020 Bonds.”

ARTICLE VI

COVENANTS AND WARRANTY

Section 6.1. Warranty. The District shall preserve and protect the security pledged hereunder to the 2020 Bonds against all claims and demands of all persons.

Section 6.2. Covenants. So long as any of the 2020 Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the 2020 Bondowners under the provisions of the Act and this Thirty-Seventh Supplemental Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the 2020 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) Commence Foreclosure Proceedings. The District hereby covenants with and for the benefit of the Owners of the 2020 Bonds and the landowners of the Improvement Area

securing the 2020 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 Improvement Area, if the District determines that any single property owner subject to the Special Tax within the Improvement Area is delinquent in the payment of Special Taxes in the aggregate of \$2,500 or more or that as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within the Improvement Area, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereat) 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.

(b) 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 Improvement Area below the levels provided in this Section 5.2(b) would interfere with the timely retirement of the 2020 Bonds. The District determines it to be necessary in order to preserve the security for the 2020 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 Accounts which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the Improvement Area as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing taxable property in each Bond Year for any 2020 Bonds Outstanding will equal at least the sum of the Administrative Expenses Cap for such Bond Year plus 110% of the gross debt service in such Bond Year on all 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 (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds.

(c) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the Improvement Area which purports to reduce the minimum or the maximum Special Tax below the levels specified in Section 5.2(g) above, it will commence and pursue legal action in order to preserve its ability to comply with such covenant.

(d) Against Encumbrances. The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in the Indenture, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the 2020 Bonds, other than Parity Bonds. Nothing herein shall prevent the District from issuing or incurring 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 2020 Bonds and the Parity Bonds.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Provisions of Indenture in Effect. Except as expressly modified herein, all of the provisions of the Original Indenture shall remain in full force and effect.

Section 7.2. Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this Thirty-Seventh Supplemental Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Thirty-Seventh Supplemental Indenture. The District hereby declares that it would have entered into this Thirty-Seventh Supplemental Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the 2020 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Thirty-Seventh Supplemental Indenture may be held illegal, invalid or unenforceable.

Section 7.3. Execution in Counterparts. This Thirty-Seventh Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.4. Governing Law. This Thirty-Seventh Supplemental Indenture shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in such state.

Section 7.5. Action on Next Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in this Indenture.

Section 7.6. Provisions Relating to the Insurer.

(a) The District covenants and agrees to reimburse the Insurer for all Insurer Reimbursement Amounts (as defined in the Authority Indenture) in connection with or in any way relating to a District default or breach hereunder or, if such amounts are Administrative Costs (as defined in the Authority Indenture), then the District shall be obligated and agrees to pay the Insurer its pro rata share (based on the outstanding principal amount of the Local Obligations (as defined in the Authority Indenture)) of such amounts. The foregoing in no way limits the obligation or ability of the Authority to pay or reimburse the Insurer from Revenues (as defined in the Authority Indenture) as provided in the Authority Indenture.

All Insurer Reimbursement Amounts are payable from and secured by a lien on and pledge of the Net Taxes on parity with debt service due on the 2020 Bonds. In addition, all Policy Costs (as defined in the Authority Indenture) are payable from and secured by a lien on and pledge of the Net Taxes subordinate only to the payment of debt service on the 2020 Bonds and Insurer Reimbursement Amounts.

(b) The notice address of the Insurer is: _____, Attention: Surveillance, Re: Policy No. _____. Telephone: (____) _____, Telecopier (____) _____, Email: _____.

In each case in which notice or other communication refers to an event of default or a claim on the Insurance Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at _____ or at Telecopier: (____) _____ and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

(c) The Insurer shall have the right to receive such additional information as it may reasonably request.

(d) The District will permit the Insurer to discuss the affairs, finances and accounts of the District or any information the Insurer may reasonably request regarding the security for the 2020 Bonds with appropriate officers of the District and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the District on any Business Day upon reasonable prior notice.

(e) So long as any Authority Bonds insured by the Insurer remain outstanding or any amounts are owed to the Insurer by the District, the District shall not enter into any interest rate exchange agreement, cap, collar, floor ceiling or other agreement or instrument secured by or payable from Special Taxes involving reciprocal payment obligations between the District and a counterparty based on interest rates applied to a notional amount of principal, without the prior written consent of the Insurer.

(f) The Insurer shall be provided with the following information by the District or the Trustee under this Indenture, as the case may be:

(i) Annual audited financial statements of the District, if any, within 180 days after the end of the District’s fiscal year (together with a certification of the District that it is not aware of any default or event of default under this Indenture), and the District’s annual budget, if any, within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(ii) Notice of any default actually known to the Trustee or the District within five Business Days after knowledge thereof;

(iii) Prior notice of the advance refunding or redemption of any of the Authority Bonds or the 2020 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(iv) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(v) Notice of the commencement of any proceeding by or against the District commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”);

(vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the 2020 Bonds;

(vii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Security Documents; and

(viii) All reports, notices and correspondence to be delivered to Owners under the terms of the Security Documents.

(g) The Trustee shall notify the Authority Trustee and the Insurer at least five (5) Business Days prior to each Interest Payment Date if there is not on deposit with the Trustee, after making all of the transfers required hereunder, moneys sufficient to pay the principal of and interest on the 2020 Bonds.

(h) To the extent that the District has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Authority Bonds, all information furnished pursuant to such agreements shall also be provided to the Insurer, simultaneously with the furnishing of such information.

(i) Notwithstanding anything in Section 9.01 of the Original Indenture to the contrary, the District shall not modify, alter, amend or supplement the Indenture in any respect which is materially adverse to the 2020 Bondowners or adverse to the rights and interest of the Insurer.

(j) Notwithstanding anything else in the Indenture or the Authority Indenture to the contrary, the provisions herein and in the Authority Indenture requiring the consent, approval or direction of the Insurer shall be applicable only at such time as the Insurer shall be in compliance with its payment obligations under the Insurance Policy and the Reserve Policy.

(k) So long as the Insurance Policy shall be in effect, the Insurer shall be deemed a third party beneficiary of the Indenture with respect to the 2020 Bonds.

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IN WITNESS WHEREOF, the District and the Trustee have executed this Thirty-Seventh Supplemental Indenture, effective the date first written above.

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 93-1

By: _____
City Manager of the City of Beaumont, acting
on behalf of City of Beaumont Community
Facilities District No. 93-1

ATTEST:

City Clerk of the City of Beaumont, acting on
behalf of City of Beaumont Community
Facilities District No. 93-1

The terms of this Thirty-Seventh Supplemental Indenture relating to the Trustee are accepted by Wilmington Trust, National Association, as Trustee.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF SPECIAL TAX BOND, 2020 SERIES A

R- _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE**

**CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1
SPECIAL TAX REFUNDING BONDS, 2020 SERIES A
(IMPROVEMENT AREA NO. 8C)**

INTEREST RATE: _____% **MATURITY DATE:** September 1, _____ **DATED DATE:** July __, 2020 **CUSIP:** _____

REGISTERED OWNER: Wilmington Trust, National Association, as Trustee under that certain Indenture of Trust dated as of July 1, 2020 by and between the Beaumont Public Financing Authority and Wilmington Trust, National Association, as Trustee

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

The CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1, a community facilities district, duly organized and existing under the laws of the State of California (the "District"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before February 15, 2021, in which event it shall bear interest from the Dated Date specified above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, at the Interest Rate per annum specified above. Interest is payable semiannually on March 1 and September 1 in each year, commencing March 1, 2021 (collectively, the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the corporate trust office (the "Trust Office") of the Trustee, initially Wilmington Trust, National Association (the "Trustee"). Interest hereon is payable by check of the Trustee mailed by first class mail on the Interest Payment Date to

the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date") (whether or not such day is a business day), or, upon written request filed with the Trustee prior to such Record Date by a Registered Owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the continental United States of America designated by such Registered Owner in such written request.

This Bond is one of a duly authorized issue of "City of Beaumont Community Facilities District No. 93-1 Special Tax Refunding Bonds, 2020 Series A (Improvement Area No. 8C)" (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 (i) refunding the District's Outstanding Special Tax Bonds, 2012 Series A (Improvement Area No. 8C) and (ii) 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 City of Beaumont, acting in its capacity as the legislative body of the District (the "Legislative Body") on July 7, 2020 (the "Resolution of Issuance"), and an Indenture of Trust dated as of January 15, 1994 (the "Original Indenture"), as amended and supplemented including as amended and supplemented by the Thirty-Seventh Supplemental Indenture of Trust dated as of July 1, 2020 (the "Thirty-Seventh Supplemental Indenture" and together with the Original Indenture, the "Indenture") each by and between the District and the Trustee, executed in connection therewith, and this reference incorporates the Indenture herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Resolution of Issuance and the Indenture are adopted under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California. Capitalized terms not defined herein shall have the meanings set forth in the Indenture.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable on a parity with the District's Outstanding Special Tax Bonds, 2017 Series A (Improvement Area No. 8C) and Outstanding Special Tax Bonds, 2018 Series A (Improvement Area No. 8C), solely from certain Special Taxes authorized under the Act to be levied and collected within the Improvement Area and foreclosure proceeds received following a default in payment of 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 such Special Taxes and foreclosure proceeds, less certain Administrative Expenses, and other amounts deposited to the Special Tax Fund established under the Indenture, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Indenture it will commence and diligently pursue to completion foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.

The Bonds maturing on or after September 1, 20__ may be redeemed, at the option of the District from any source of funds on any date on or after September 1, 20__, in whole, or in part from such maturities as are selected by the District and by lot within a maturity, at a redemption price of the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

The Term Bonds shall be called before maturity and redeemed, from Sinking Payments that have been deposited into the Sinking Account, on September 1, 20__, and on each September 1 thereafter prior to maturity, and on September 1, 20__, and on each September 1 thereafter prior to maturity in accordance with the schedules of Sinking Payments set forth in the Indenture at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

In lieu of such redemption of Term Bonds, the Trustee may apply amounts in the Sinking Account to the purchase of Bonds maturing on September 1, 20__ or September 1, 20__ at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the applicable moneys in the Interest Account) as may be directed by the District, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to such Bonds, as set forth in a Written Request of the District.

The Bonds are subject to redemption on any Interest Payment Date, in whole or in part in the maturities selected by the District, and by lot within a maturity, from the proceeds of the prepayment of Special Taxes deposited into the Redemption Fund, and from amounts transferred from the District Residual Fund and the Reserve Account in connection with such redemption. Such mandatory redemption of the Bonds shall be at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), together with accrued interest thereon to the date of redemption:

Redemption Dates

Redemption Prices

Except as otherwise provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their address appearing on the registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

The rights and obligations of the District and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected.

If an Event of Default shall occur, the principal of all Bonds may not be accelerated and declared due and payable under the Indenture, and any declaration of an Event of Default and its consequences may be rescinded and annulled as further provided in the Indenture.

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 may be presented for transfer by the registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new bond or bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange therefor. This Bond may be presented for exchange at the Trust Office of the Trustee for Bonds of the same tenor, aggregate principal amount, interest, rate and maturity, of other authorized denominations. Transfer or exchange of this Bond will not be permitted during the period established by the Trustee for selection of Bonds for redemption or if this Bond has been selected for redemption.

The District and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the District and the Trustee shall not be affected by any notice to the contrary.

The District may issue bonds on a parity with the Bonds in accordance with the provisions of the Indenture and the Act. The Indenture contains provisions permitting the District to make provision for the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that such Bonds shall no longer be deemed to be outstanding under the terms of the Indenture.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE CITY OF BEAUMONT OR OF THE DISTRICT FOR WHICH THE CITY OF BEAUMONT 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 AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE CITY OF BEAUMONT, 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 be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee’s Certificate of authentication hereon endorsed shall have been 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, the City of Beaumont Community Facilities District No. 93-1 has caused this Bond to be dated as of _____, 2020, to be signed on behalf of the District by the Mayor of the City by his facsimile signature and attested by the facsimile signature of the City Clerk of the City.

Mayor of the City of Beaumont, California,
acting on behalf of City of Beaumont
Community Facilities District No. 93-1

ATTEST:

City Clerk of the City of Beaumont, California,
on behalf of City of Beaumont Community
Facilities District No. 93-1

[FORM OF TRUSTEE’S CERTIFICATE
OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-defined Indenture.

Dated: _____, 2020

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, California, acting
on behalf of City of Beaumont Community Facilities
District No. 93-1

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address, and Tax Identification or Social Security Number of Assignee)

the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s)

_____ attorney,
to transfer the same on the Registration 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 signature(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.

**ESCROW AGREEMENT
(2011 SERIES A)**

THIS ESCROW AGREEMENT (2011 Series A), dated as of July 1, 2020 (the “Agreement”), by and among the City of Beaumont Community Facilities District No. 93-1 (the “District”), the Beaumont Financing Authority (the “Authority”) and Wilmington Trust, National Association, as escrow agent (the “Escrow Agent”), is entered into in accordance with Resolution No. _____ of the City of Beaumont, acting as legislative body for the District, adopted on July 7, 2020, Resolution No. _____ of the Authority, adopted on July 7, 2020 and an Indenture of Trust dated as of January 15, 1994 (the “Original District Indenture”), by and between the District and Wilmington Trust, National Association, as successor trustee (the “Prior Trustee”), as amended and supplemented, including by the Twenty-Third Supplemental Indenture of Trust dated as of December 1, 2011 (the “District Supplemental Indenture” and, together with the Original District Indenture, the “District Indenture”), by and between the District and the Prior Trustee, as successor trustee, to refund all of the outstanding City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series A (Improvement Area No. 17B) and 2011 Series B (Improvement Area No. 17B) (together, the “Refunded District Bonds”) and effect the simultaneous refunding of the outstanding Beaumont Financing Authority 2012 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B) (the “Refunded Authority Bonds”).

WITNESSETH:

WHEREAS, the District has previously issued the Refunded District Bonds pursuant to the District Indenture; and

WHEREAS, the Authority has previously issued the Refunded Authority Bonds pursuant to the Indenture of Trust dated as of January 15, 1994 (the “Original Authority Indenture”), as amended and supplemented, including by the Twenty-First Supplemental Indenture of Trust dated as of December 1, 2011 (the “Authority Supplemental Indenture” and, together with the Original Authority Indenture, the “Authority Indenture”), each by and between the Authority and the Prior Trustee, as successor trustee, a portion of the proceeds of which were used to purchase the Refunded District Bonds; and

WHEREAS, the District has determined to issue its City of Beaumont Community Facilities District No. 93-1 2020 Special Tax Refunding Bonds (Improvement Area No. 17B) (the “2020 Improvement Area No. 17B Bonds”) for the purpose in part of providing moneys which, together with certain moneys transferred from the Prior Trustee, will be used to refund all of the Refunded District Bonds and to redeem on September 1, 2021 (the “Redemption Date”) the Refunded District Bonds maturing on and after September 1, 2022 at a redemption price equal to 100% of the principal amount of the Refunded District Bonds to be redeemed, together with all interest accrued to such date (the “Redemption Price”), as required under the District Indenture; and

WHEREAS, the District intends to pay the amounts set forth in the preceding paragraph by irrevocably depositing with the Escrow Agent moneys and certain Federal Securities (as permitted by, in the manner prescribed by, and all in accordance with the District Indenture) which, together with interest thereon, will be fully sufficient to pay and discharge the Refunded District Bonds; and

WHEREAS, the District and the Authority intend for the deposit of such moneys to effect the simultaneous defeasance of the Refunded Authority Bonds;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District, the Authority and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The Escrow Agent hereby acknowledges receipt of (i) \$_____ from a portion of the net proceeds of the sale of the 2020 Improvement Area No. 17B Bonds, and (ii) \$_____ from the Prior Trustee from amounts on deposit in certain funds and accounts relating to the Refunded District Bonds established under the District Indenture, as more specifically identified in the pricing numbers relating to the 2020 Improvement Area No. 17B Bonds and included in the closing transcript therefor. The Escrow Agent shall hold all such amounts in irrevocable escrow separate and apart from other funds of the District and the Escrow Agent in a fund hereby created and established to be known as the 2011 Series A Escrow Fund (the “Escrow Fund”) and to be applied solely as provided in this Agreement.

SECTION 2. Investment of Moneys. The District hereby instructs the Escrow Agent to apply \$_____ of the moneys set forth above to purchase the Federal Securities listed in Exhibit A hereto and to hold \$_____ uninvested as cash. The Escrow Agent shall be entitled to rely upon the conclusion of _____ (the “Verification Agent”), that the Federal Securities listed on Exhibit A hereto mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay prior to September 1, 2021, the principal and interest due with respect to the Refunded District Bonds and to pay on September 1, 2021, the Redemption Price.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the District, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the District, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay the principal and interest due with respect to the Refunded District Bonds prior to September 1, 2021 and to pay on September 1, 2021 the Redemption Price, and provided that the District has obtained and delivered to the Escrow Agent an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the Refunded District Bonds or interest on the Refunded Authority Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which are not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the District with respect to the refunding of the Refunded District Bonds or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of tax-exempt obligations of political subdivisions, shall be paid to the District promptly upon the receipt of such interest income by the Escrow Agent. The determination of the District as to whether an accountant qualifies under this Escrow Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of the District, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the District has obtained and delivered to the Escrow Agent: (i) an

unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that the substitution of securities is permitted under the legal documents in effect with respect to the Refunded District Bonds and that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Refunded District Bonds or interest with respect to the Refunded Authority Bonds; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay the principal and interest due with respect to the Refunded District Bonds prior to September 1, 2021 and to pay on September 1, 2021, the Redemption Price. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded District Bonds.

(a) Payment. From the moneys on deposit in the Escrow Fund, the Escrow Agent shall pay the principal of, and interest on the Refunded District Bonds due prior to September 1, 2021, and pay on September 1, 2022 the Redemption Price on the Redemption Date.

(b) Defeasance and Redemption of the Refunded Authority Bonds. The District and the Authority intend for the defeasance of the Refunded District Bonds to effect a simultaneous defeasance of the Refunded Authority Bonds and for the moneys which will be used to refund and redeem the Refunded District Bonds to be used to simultaneously refund and redeem the Refunded Authority Bonds.

(c) Irrevocable Instructions to Provide Notice. The Authority hereby instructs the Escrow Agent to mail, first class, postage prepaid, a notice to the Refunded Authority Bonds owners in the form attached hereto as Exhibit B stating that the defeasance of the Refunded Authority Bonds has occurred. The Authority further instructs the Escrow Agent to mail, first class, postage prepaid, by not later than 30 days prior to the Redemption Date a notice in substantially the form attached hereto as Exhibit C of redemption with respect to the Refunded Authority Bonds maturing on and after September 1, 2022 in accordance with the procedures set forth in Section ____ of the Authority Indenture.

(d) Unclaimed Moneys. Any moneys which remain unclaimed for 30 days after September 1, 2021 shall be repaid by the Escrow Agent to the District.

(e) Priority of Payments. The owners of the Refunded District Bonds shall have a first and exclusive lien on all moneys in the Escrow Fund until such moneys are used and applied as provided in this Agreement.

(f) Termination of Obligation. As provided in the District Indenture, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof, all obligations of the District under the District Indenture with respect to the Refunded District Bonds shall cease, terminate and be completely discharged except as set forth in the District Indenture. The Authority agrees that upon the defeasance and redemption of the Refunded District Bonds, the Refunded Authority Bonds shall be simultaneously defeased and the obligations of the Authority relating thereto released.

SECTION 6. Application of Certain Terms of the District Indenture. All of the terms of the District Indenture relating to the making of payments of principal and interest with respect to the Refunded District Bonds and relating to the exchange or transfer of the Refunded District Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VIII

of the District Indenture relating to the resignation and removal and merger of the Prior Trustee under the District Indenture are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Section 2 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys held hereunder.

SECTION 9. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees or the willful breach by the Escrow Agent of the terms of this Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the moneys on deposit in the Escrow Fund to pay the Refunded District Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded District Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it

necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the District.

SECTION 11. Amendments. This Agreement is made for the benefit of the District and the owners from time to time of the Refunded District Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the District; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the District Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded District Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded District Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded District Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(d) of this Agreement.

SECTION 13. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the District and any other reasonable fees and expenses of the Escrow Agent approved by the District; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 17. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys in the Escrow Fund will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the District in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency. No provision of this Agreement shall require the Escrow Agent to expend or

risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder.

SECTION 18. Notice to District and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at Wilmington Trust, National Association, 650 Town Center Drive, Suite 800, Costa Mesa, California 92626, Attention: Corporate Trust Department. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Financial Services Director of the City of Beaumont, 550 East 6th Street, Beaumont, California 92223 (or such other address as may have been filed in writing by the District with the Escrow Agent). Any notice to or demand upon the Authority shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Executive Director of the Beaumont Financing Authority, 550 East 6th Street, Beaumont, California 92223 (or such other address as may have been filed in writing by the District with the Escrow Agent).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 93-1

By: _____
City Manager of the City of Beaumont, acting as
the legislative body of City of Beaumont
Community Facilities District No. 93-1

ATTEST:

City Clerk of the City of Beaumont, acting
as the legislative body of City of Beaumont
Community Facilities District No. 93-1

BEAUMONT FINANCING AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary of the Beaumont Financing Authority

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED.]

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Escrow Agent

By: _____
Authorized Officer

EXHIBIT A

FEDERAL SECURITIES

<u>Security</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Price</u>
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EXHIBIT B**NOTICE OF DEFEASANCE**

**BEAUMONT FINANCING AUTHORITY
2011 LOCAL AGENCY REVENUE BONDS, SERIES A
(IMPROVEMENT AREA NO. 17B)**

<i>Maturity Date (September 1)</i>	<i>Par Amount</i>	<i>Interest Rate</i>	<i>CUSIP No.*</i>
2020	\$100,000	5.000%	074406MQ9
2021	120,000	5.000	074406MR7
2022	140,000	5.000	074406MS5
2023	165,000	5.000	074406MT3
2024	195,000	5.250	074406MU0
2025	220,000	5.375	074406MV8
2026	250,000	5.500	074406MW6
2031	1,820,000	6.125	074406MX4
2042	8,920,000	6.375	074406MY2

Notice is hereby given to the holders of the above-captioned Bonds (the “Refunded Bonds”) that (i) the Refunded Bonds have been defeased; (ii) there has been deposited with Wilmington Trust, National Association, as Escrow Agent, moneys and securities as permitted by that certain Indenture of Trust dated as of January 15, 1994, by and between the Beaumont Financing Authority (the “Authority”) and Wilmington Trust, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including by the Twenty-First Supplemental Indenture of Trust dated as of December 1, 2011, by and between the Authority and the Trustee, as successor trustee (as supplemented, the “Indenture”), relating to the Refunded Bonds, which will be sufficient and available to pay the principal and interest due with respect to the Refunded Bonds prior to September 1, 2021 and to pay redeem on September 1, 2021 the Refunded Bonds maturing on and after September 1, 2022 at a redemption price equal to the principal amount thereof to be redeemed, plus interest accrued thereon to the date of redemption, without premium; and (ii) the Escrow Agent has been irrevocably instructed to redeem such outstanding Refunded Bonds on September 1, 2021.

* The CUSIP numbers are included solely for the convenience of the Holders of the Refunded Bonds. Neither the District nor the Trustee shall be responsible for any error of any nature relating to such numbers.

Dated this ___ day of July, 2020.

**WILMINGTON TRUST, NATIONAL
ASSOCIATION,
as Trustee or Escrow Agent**

EXHIBIT C

NOTICE OF REDEMPTION

**BEAUMONT FINANCING AUTHORITY
2011 LOCAL AGENCY REVENUE BONDS, SERIES A
(IMPROVEMENT AREA NO. 17B)**

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the “Bonds”) of the Beaumont Financing Authority (the “Authority”) issued on December 22, 2011 pursuant to the Indenture of Trust dated as of January 15, 1994, by and between the Beaumont Financing Authority (the “Authority”) and Wilmington Trust, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including by the Twenty-First Supplemental Indenture of Trust dated as of December 1, 2011, by and between the Authority and the Trustee, as successor trustee (as supplemented, the “Indenture”), that the Bonds listed below have been called for redemption on September 1, 2021 (the “Redemption Date”).

<i>Maturity Date (September 1)</i>	<i>Par Amount</i>	<i>Interest Rate</i>	<i>CUSIP No.*</i>	<i>Redemption Price</i>
2020	\$100,000	5.000%	074406MQ9	100%
2021	120,000	5.000	074406MR7	100
2022	140,000	5.000	074406MS5	100
2023	165,000	5.000	074406MT3	100
2024	195,000	5.250	074406MU0	100
2025	220,000	5.375	074406MV8	100
2026	250,000	5.500	074406MW6	100
2031	1,820,000	6.125	074406MX4	100
2042	8,920,000	6.375	074406MY2	100

The Bonds will be payable on the Redemption Date at a redemption price of 100% of the principal amount plus accrued interest to such date (the “Redemption Price”). The Redemption Price of the Bonds will become due and payable on the Redemption Date. Interest with respect to the Bonds to be redeemed will cease to accrue on and after the Redemption Date, and such Bonds will be surrendered to the Trustee.

All Bonds are required to be surrendered to the principal corporate trust office of the Trustee, on the Redemption Date at the following location. If the Bonds are mailed, the use of registered, insured mail is recommended:

Wilmington Trust, National Association
650 Town Center Drive, Suite 600
Costa Mesa, California 92626

If the Owner of any Bond subject to optional redemption fails to deliver such Bond to the Trustee on the Redemption Date, such Bond shall nevertheless be deemed redeemed on the Redemption Date and the Owner of such Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the Trustee for such payment.

A form W-9 must be submitted with the Bonds. Failure to provide a completed form W-9 will result in 31% backup withholding pursuant to the Interest and Dividend Tax Compliance Act of 1983. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if the tax identification number is not properly certified.

* The CUSIP numbers are included solely for the convenience of the Holders of the Bonds. Neither the Issuer nor the Trustee shall be responsible for any error of any nature relating to such numbers.

DATED this ____ day of July, 2021

**WILMINGTON TRUST, NATIONAL
ASSOCIATION,
as Trustee or Escrow Agent**

**ESCROW AGREEMENT
(2012 SERIES A)**

THIS ESCROW AGREEMENT (2012 SERIES A), dated as of July 1, 2020 (the “Agreement”), by and among the City of Beaumont Community Facilities District No. 93-1 (the “District”), the Beaumont Financing Authority (the “Authority”) and Wilmington Trust, National Association, as escrow agent (the “Escrow Agent”), is entered into in accordance with Resolution No. _____ of the City of Beaumont, acting as legislative body for the District, adopted on July 7, 2020, Resolution No. _____ of the Authority, adopted on July 7, 2020 and an Indenture of Trust dated as of January 15, 1994 (the “Original District Indenture”), by and between the District and Wilmington Trust, National Association, as successor trustee (the “Prior Trustee”), as amended and supplemented, including by the Twenty-Fourth Supplemental Indenture of Trust dated as of March 1, 2012 (the “District Supplemental Indenture” and, together with the Original District Indenture, the “District Indenture”), by and between the District and the Prior Trustee, as successor trustee, to refund all of the outstanding City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2012 Series A (Improvement Area No. 8C) (the “Refunded District Bonds”) and effect the simultaneous refunding of the outstanding Beaumont Financing Authority 2012 Local Agency Revenue Bonds, Series A (Improvement Area No. 8C) (the “Refunded Authority Bonds”).

WITNESSETH:

WHEREAS, the District has previously issued the Refunded District Bonds pursuant to the District Indenture; and

WHEREAS, the Authority has previously issued the Refunded Authority Bonds pursuant to the Indenture of Trust dated as of January 15, 1994 (the “Original Authority Indenture”), as amended and supplemented, including by the Twenty-Second Supplemental Indenture of Trust dated as of March 1, 2012 (the “Authority Supplemental Indenture” and, together with the Original Authority Indenture, the “Authority Indenture”), each by and between the Authority and the Prior Trustee, as successor trustee, a portion of the proceeds of which were used to purchase the Refunded District Bonds; and

WHEREAS, the District has determined to issue its City of Beaumont Community Facilities District No. 93-1 2020 Special Tax Refunding Bonds (Improvement Area No. 8C) (the “2020 Improvement Area No. 8C Bonds”) for the purpose in part of providing moneys which, together with certain moneys transferred from the Prior Trustee, will be used to refund all of the Refunded District Bonds and to redeem on September 1, 2022 (the “Redemption Date”) the Refunded District Bonds maturing on and after September 1, 2023 at a redemption price equal to 100% of the principal amount of the Refunded District Bonds to be redeemed, together with all interest accrued to such date (the “Redemption Price”), as required under the District Indenture; and

WHEREAS, the District intends to pay the amounts set forth in the preceding paragraph by irrevocably depositing with the Escrow Agent moneys and certain Federal Securities (as permitted by, in the manner prescribed by, and all in accordance with the District Indenture) which, together with interest thereon, will be fully sufficient to pay and discharge the Refunded District Bonds; and

WHEREAS, the District and the Authority intend for the deposit of such moneys to effect the simultaneous defeasance of the Refunded Authority Bonds;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District, the Authority and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The Escrow Agent hereby acknowledges receipt of (i) \$_____ from a portion of the net proceeds of the sale of the 2020 Improvement Area No. 8C Bonds, and (ii) \$_____ from the Prior Trustee from amounts on deposit in certain funds and accounts relating to the Refunded District Bonds established under the District Indenture, as more specifically identified in the pricing numbers relating to the 2020 Improvement Area No. 8C Bonds and included in the closing transcript therefor. The Escrow Agent shall hold all such amounts in irrevocable escrow separate and apart from other funds of the District and the Escrow Agent in a fund hereby created and established to be known as the 2012 Series A Escrow Fund (the “Escrow Fund”) and to be applied solely as provided in this Agreement.

SECTION 2. Investment of Moneys. The District hereby instructs the Escrow Agent to apply \$_____ of the moneys set forth above to purchase the Federal Securities listed in Exhibit A hereto and to hold \$_____ uninvested as cash. The Escrow Agent shall be entitled to rely upon the conclusion of _____ (the “Verification Agent”), that the Federal Securities listed on Exhibit A hereto mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay prior to September 1, 2022, the principal and interest due with respect to the Refunded District Bonds and to pay on September 1, 2022, the Redemption Price.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the District, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the District, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay the principal and interest due with respect to the Refunded District Bonds prior to September 1, 2022 and to pay on September 1, 2022 the Redemption Price, and provided that the District has obtained and delivered to the Escrow Agent an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the Refunded District Bonds or interest on the Refunded Authority Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which are not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the District with respect to the refunding of the Refunded District Bonds or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of tax-exempt obligations of political subdivisions, shall be paid to the District promptly upon the receipt of such interest income by the Escrow Agent. The determination of the District as to whether an accountant qualifies under this Escrow Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of the District, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the District has obtained and delivered to the Escrow Agent: (i) an

unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that the substitution of securities is permitted under the legal documents in effect with respect to the Refunded District Bonds and that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Refunded District Bonds or interest with respect to the Refunded Authority Bonds; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay the principal and interest due with respect to the Refunded District Bonds prior to September 1, 2022 and to pay on September 1, 2022, the Redemption Price. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded District Bonds.

(a) Payment. From the moneys on deposit in the Escrow Fund, the Escrow Agent shall pay the principal of, and interest on the Refunded District Bonds due prior to September 1, 2022, and pay on September 1, 2022 the Redemption Price on the Redemption Date.

(b) Defeasance and Redemption of the Refunded Authority Bonds. The District and the Authority intend for the defeasance of the Refunded District Bonds to effect a simultaneous defeasance of the Refunded Authority Bonds and for the moneys which will be used to refund and redeem the Refunded District Bonds to be used to simultaneously refund and redeem the Refunded Authority Bonds.

(c) Irrevocable Instructions to Provide Notice. The Authority hereby instructs the Escrow Agent to mail, first class, postage prepaid, a notice to the Refunded Authority Bonds owners in the form attached hereto as Exhibit B stating that the defeasance of the Refunded Authority Bonds has occurred. The Authority further instructs the Escrow Agent to mail, first class, postage prepaid, by not later than 30 days prior to the Redemption Date a notice in substantially the form attached hereto as Exhibit C of redemption with respect to the Refunded Authority Bonds maturing on and after September 1, 2023 in accordance with the procedures set forth in Section ____ of the Authority Indenture.

(d) Unclaimed Moneys. Any moneys which remain unclaimed for 30 days after September 1, 2022 shall be repaid by the Escrow Agent to the District.

(e) Priority of Payments. The owners of the Refunded District Bonds shall have a first and exclusive lien on all moneys in the Escrow Fund until such moneys are used and applied as provided in this Agreement.

(f) Termination of Obligation. As provided in the District Indenture, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof, all obligations of the District under the District Indenture with respect to the Refunded District Bonds shall cease, terminate and be completely discharged except as set forth in the District Indenture. The Authority agrees that upon the defeasance and redemption of the Refunded District Bonds, the Refunded Authority Bonds shall be simultaneously defeased and the obligations of the Authority relating thereto released.

SECTION 6. Application of Certain Terms of the District Indenture. All of the terms of the District Indenture relating to the making of payments of principal and interest with respect to the Refunded District Bonds and relating to the exchange or transfer of the Refunded District Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VIII

of the District Indenture relating to the resignation and removal and merger of the Prior Trustee under the District Indenture are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Agent’s Authority to Make Investments. Except as provided in Section 2 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys held hereunder.

SECTION 9. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent’s own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent’s respective employees or the willful breach by the Escrow Agent of the terms of this Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the moneys on deposit in the Escrow Fund to pay the Refunded District Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the “Whereas” clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded District Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it

necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the District.

SECTION 11. Amendments. This Agreement is made for the benefit of the District and the owners from time to time of the Refunded District Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the District; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the District Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded District Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded District Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded District Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(d) of this Agreement.

SECTION 13. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the District and any other reasonable fees and expenses of the Escrow Agent approved by the District; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 17. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys in the Escrow Fund will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the District in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency. No provision of this Agreement shall require the Escrow Agent to expend or

risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder.

SECTION 18. Notice to District and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at Wilmington Trust, National Association, 650 Town Center Drive, Suite 800, Costa Mesa, California 92626, Attention: Corporate Trust Department. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Financial Services Director of the City of Beaumont, 550 East 6th Street, Beaumont, California 92223 (or such other address as may have been filed in writing by the District with the Escrow Agent). Any notice to or demand upon the Authority shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Executive Director of the Beaumont Financing Authority, 550 East 6th Street, Beaumont, California 92223 (or such other address as may have been filed in writing by the District with the Escrow Agent).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 93-1

By: _____
City Manager of the City of Beaumont, acting as
the legislative body of City of Beaumont
Community Facilities District No. 93-1

ATTEST:

City Clerk of the City of Beaumont, acting
as the legislative body of City of Beaumont
Community Facilities District No. 93-1

BEAUMONT FINANCING AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary of the Beaumont Financing Authority

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED.]

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Escrow Agent

By: _____
Authorized Officer

EXHIBIT A

FEDERAL SECURITIES

<u>Security</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Price</u>
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EXHIBIT B**NOTICE OF DEFEASANCE**

**BEAUMONT FINANCING AUTHORITY
2012 LOCAL AGENCY REVENUE BONDS, SERIES A
(IMPROVEMENT AREA NO. 8C)**

<i>Maturity Date (September 1)</i>	<i>Par Amount</i>	<i>Interest Rate</i>	<i>CUSIP No.*</i>
2020	\$30,000	4.000%	074406NC9
2021	40,000	4.250	074406ND7
2022	45,000	4.375	074406NE5
2023	55,000	4.500	074406NF2
2024	65,000	4.750	074406NG0
2025	75,000	4.750	074406NH8
2026	85,000	5.000	074406NJ4
2027	100,000	5.000	074406NK1
2028	115,000	5.125	074406NL9
2029	120,000	5.250	074406NM7
2032	400,000	5.625	074406NN5
2042	4,475,000	5.875	074406NP0

Notice is hereby given to the holders of the above-captioned Bonds (the “Refunded Bonds”) that (i) the Refunded Bonds have been defeased; (ii) there has been deposited with Wilmington Trust, National Association, as Escrow Agent, moneys as permitted by that certain Indenture of Trust dated as of January 15, 1994, by and between the Beaumont Financing Authority (the “Authority”) and Wilmington Trust, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including by the Twenty-Second Supplemental Indenture of Trust dated as of March 1, 2012, by and between the Authority and the Trustee, as successor trustee (as supplemented, the “Indenture”), relating to the Refunded Bonds, which will be sufficient and available to pay the principal and interest due with respect to the Refunded Bonds prior to September 1, 2022 and to pay redeem on September 1, 2022 the Refunded Bonds maturing on and after September 1, 2023 at a redemption price equal to the principal amount thereof to be redeemed, plus interest accrued thereon to the date of redemption, without premium; and (ii) the Escrow Agent has been irrevocably instructed to redeem such outstanding Refunded Bonds on September 1, 2022.

* The CUSIP numbers are included solely for the convenience of the Holders of the Refunded Bonds. Neither the District nor the Trustee shall be responsible for any error of any nature relating to such numbers.

Dated this ___ day of July, 2020.

**WILMINGTON TRUST, NATIONAL
ASSOCIATION,
as Trustee or Escrow Agent**

EXHIBIT C

NOTICE OF REDEMPTION

\$5,605,000

**BEAUMONT FINANCING AUTHORITY
2012 LOCAL AGENCY REVENUE BONDS, SERIES A
(IMPROVEMENT AREA NO. 8C)**

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the “Bonds”) of the Beaumont Financing Authority (the “Authority”) issued on March 29, 2012 pursuant to the Indenture of Trust dated as of January 15, 1994, by and between the Beaumont Financing Authority (the “Authority”) and Wilmington Trust, National Association, as successor trustee (the “Trustee”), as amended and supplemented, including by the Twenty-Second Supplemental Indenture of Trust dated as of March 1, 2012, by and between the Authority and the Trustee, as successor trustee (as supplemented, the “Indenture”), that the Bonds listed below have been called for redemption on September 1, 2022 (the “Redemption Date”).

<i>Maturity Date (September 1)</i>	<i>Par Amount</i>	<i>Interest Rate</i>	<i>CUSIP No.*</i>	<i>Redemption Price</i>
2023	\$55,000	4.500%	074406NF2	100%
2024	65,000	4.750	074406NG0	100
2025	75,000	4.750	074406NH8	100
2026	85,000	5.000	074406NJ4	100
2027	100,000	5.000	074406NK1	100
2028	115,000	5.125	074406NL9	100
2029	120,000	5.250	074406NM7	100
2032	400,000	5.625	074406NN5	100
2042	4,475,000	5.875	074406NP0	100

The Bonds will be payable on the Redemption Date at a redemption price of 100% of the principal amount plus accrued interest to such date (the “Redemption Price”). The Redemption Price of the Bonds will become due and payable on the Redemption Date. Interest with respect to the Bonds to be redeemed will cease to accrue on and after the Redemption Date, and such Bonds will be surrendered to the Trustee.

All Bonds are required to be surrendered to the principal corporate trust office of the Trustee, on the Redemption Date at the following location. If the Bonds are mailed, the use of registered, insured mail is recommended:

Wilmington Trust, National Association
650 Town Center Drive, Suite 600
Costa Mesa, California 92626

If the Owner of any Bond subject to optional redemption fails to deliver such Bond to the Trustee on the Redemption Date, such Bond shall nevertheless be deemed redeemed on the Redemption Date and the Owner of such Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the Trustee for such payment.

A form W-9 must be submitted with the Bonds. Failure to provide a completed form W-9 will result in 31% backup withholding pursuant to the Interest and Dividend Tax Compliance Act of 1983. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if the tax identification number is not properly certified.

* The CUSIP numbers are included solely for the convenience of the Holders of the Bonds. Neither the Issuer nor the Trustee shall be responsible for any error of any nature relating to such numbers.

DATED this ____ day of July, 2022

**WILMINGTON TRUST, NATIONAL
ASSOCIATION,
as Trustee or Escrow Agent**

PRELIMINARY OFFICIAL STATEMENT DATED JULY __, 2020

NEW ISSUE-FULL BOOK ENTRY

Rating: S&P: “___” (Insured)

S&P: “___” (Underlying)

See the caption “MISCELLANEOUS—Rating”

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, interest on the 2020 Bonds is not excluded from gross income for federal income tax purposes but is exempt from State of California personal income tax. See the caption “LEGAL MATTERS — Tax Matters” with respect to tax consequences concerning the Bonds.

\$17,595,000*

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A (FEDERALLY TAXABLE)**

Dated: Date of Delivery

Due: September 1 as shown on inside cover

The Bonds described herein are being issued by the Beaumont Public Improvement Authority (the “Authority”) to acquire certain special tax refunding obligations (the “Local Obligations”) of the City of Beaumont Community Facilities District No. 93-1 (the “District”), formed by the City of Beaumont (the “City”). The Local Obligations are being issued to refund two outstanding series of bonds issued by the District, which, in turn, will effect a defeasance of certain outstanding bonds issued by the Beaumont Financing Authority. See “FINANCING PLAN.”

The Bonds are payable solely from “Revenues” pledged by the Authority pursuant to that certain Indenture of Trust, dated as of July 1, 2020 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). Revenues consist primarily of debt service on the Local Obligations, which are payable from special taxes levied in the applicable improvement area of the District.

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year commencing March 1, 2021. The Bonds will be initially issued only in book-entry form and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee to DTC, which remits such payments to its participants for subsequent distribution to the beneficial owners of the Bonds. See “THE BONDS — General Provisions” and “— Book-Entry Only System” herein.

The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS — Redemption.”

The scheduled payment of principal of and interest when due on the Bonds will be guaranteed under an insurance policy to be issued concurrently with the issuance of the Bonds by _____ (the “Insurer”). The Insurer will also issue a debt service reserve insurance policy concurrently with the issuance of the Bonds to be credited to the Reserve Fund for the Bonds. See “BOND INSURANCE” herein.

[Insurer Logo]

CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE AUTHORITY TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. THE PURCHASE OF THE BONDS INVOLVES SIGNIFICANT INVESTMENT RISKS, AND THE BONDS MAY NOT BE SUITABLE INVESTMENTS FOR MANY INVESTORS. 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.

*Maturity Schedule
(see inside cover)*

The Bonds are offered when, as and if issued and accepted by Stifel, Nicolaus & Company, Incorporated, the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel and Disclosure Counsel. Certain legal matters will be passed upon for the Authority and the City 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 definitive form will be available for delivery to DTC or its agent on or about July __, 2020.

[STIFEL LOGO]

* Preliminary, subject to change.

Dated: July __, 2020

Item 10.

MATURITY SCHEDULE

\$ _____
**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A (FEDERALLY TAXABLE)**

Serial Bonds					
<i>Maturity (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP†</i>

† CUSIP® Copyright 2020, 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 Authority, the District, the City, 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.

BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

BOARD OF DIRECTORS

Rey Santos, Chair
Mike Lara, Vice Chair
Nancy Carroll, Director
Julio Martinez, III, Director
Lloyd White, Director

CITY OF BEAUMONT

CITY COUNCIL

Rey Santos, Mayor
Mike Lara, Mayor Pro-Tem
Nancy Carroll, Member
Julio Martinez, III, Member
Lloyd White, Member

CITY OFFICIALS

Todd Parton, City Manager
Kristine Day, Assistant City Manager

PROFESSIONAL SERVICES

BOND COUNSEL / DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

AUTHORITY TRUSTEE / DISTRICT TRUSTEE/ESCROW AGENT

Wilmington Trust, National Association
Costa Mesa, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Tustin, California

SPECIAL TAX CONSULTANT

Webb Municipal Finance, LLC
Riverside, California

VERIFICATION AGENT

Causey, Demgen & Moore, P.C.
Denver, Colorado

Investment in the Bonds, involves risks which are not appropriate for certain investors. Therefore, only persons with substantial financial resources (in net worth or income) who understand (either alone or with competent investment advice) those risks should consider such an investment.

Except where otherwise indicated, all information contained in this Official Statement has been provided by the Beaumont Public Improvement Authority, the City of Beaumont and the City of Beaumont Community Facilities District No. 93-1. No dealer, broker, salesperson or other person has been authorized by the Authority, 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 herein; and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, 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.

The information set forth herein which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the District, the City or the Authority. 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 herein, are intended solely as such are not to be construed as representations of fact.

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 of completeness of such information.

The information and expressions of opinion herein 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 Authority, the City, the District or any other parties described herein since the date hereof. All summaries of the Indenture, the Local Obligation Bond Indentures 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 hereby made to such documents on file with the City for further information in connection therewith. 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 Authority, the City or the District. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

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.

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 Authority does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement. The Authority is obligated to provide continuing disclosure for certain historical information only. See the caption “MISCELLANEOUS — Continuing Disclosure” herein.

_____ (the “Insurer”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading “BOND INSURANCE” and Appendix H — “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

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.

[INSERT ALL MAPS]

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OFFICIAL STATEMENT

\$17,595,000*

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A (FEDERALLY TAXABLE)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto (the “Official Statement”), is to provide certain information concerning the sale and issuance of \$17,595,000* Beaumont Public Improvement Authority Local Agency Refunding Bonds, Series 2020A (Federally Taxable) (the “Bonds”).

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 offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Financing Purpose

Purpose of the Bonds. The Bonds are being issued by the Beaumont Public Improvement Authority (the “Authority”) to acquire the “Local Obligations” described below (see “FINANCING PLAN” herein).

Purpose of the Local Obligations. The net proceeds of the Local Obligations, along with other available funds, will be used as follows (see “FINANCING PLAN” herein):

(i) to make deposits into two separate escrow funds (collectively, the “Escrow Funds”) to be held by Wilmington Trust, National Association, as escrow agent (the “Escrow Agent”) pursuant to two separate Escrow Agreements, each dated as of July 1, 2020 (collectively, the “Escrow Agreements”) for the purpose of redeeming the Prior Improvement Area Bonds (as defined below)); and

(ii) to purchase a municipal bond insurance policy (the “Policy”) issued by _____ (the “Insurer”) for the purpose of paying the principal of and interest on the Bonds when due, with the determination of which Bonds to insure to be made at the time of pricing; and

(iii) to purchase a reserve policy issued by the Insurer to be credited to the Reserve Fund for the Bonds (the “Reserve Policy”); and

(iv) to pay the costs of issuing the Bonds.

The Bonds; The Local Obligations

The Bonds. The Bonds are payable from “Revenues,” as more completely defined below, generally consisting of revenues received by the Authority as the result of the payment of debt service on the Local Obligations, and amounts held in the funds and accounts established and held for the benefit of the Bonds under the Indenture (as defined below).

* Preliminary, subject to change.

Local Obligations. The “Local Obligations” consist of the following two separate series of bonds issued by the City of Beaumont Community Facilities District No. 93-1 (the “District”), which is located in the City of Beaumont (the “City”):

Improvement Area No. 8C: \$5,780,000* City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8C) 2020 Special Tax Refunding Bonds (the “Improvement Area No. 8C 2020 Bonds”) are being issued by the District to refund the outstanding City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2012 Series A (Improvement Area No. 8C) (the “Prior Improvement Area No. 8C Bonds”). The refunding of the Prior Improvement Area No. 8C Bonds will cause a simultaneous refunding of the Beaumont Financing Authority’s 2012 Local Agency Revenue Bonds, Series A (Improvement Area No. 8C) (the “Prior 2012 Authority Bonds”).

The Improvement Area No. 8C 2020 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 8C of the District (“Improvement Area No. 8C”). The Improvement Area No. 8C 2020 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 8C on a parity with the District’s Special Tax Refunding Bonds, 2017 Series A (Improvement Area No. 8C) outstanding in the principal amount of \$5,575,664 (the “Improvement Area No. 8C 2017 Bonds”) and the Special Tax Bonds, 2018 Series A outstanding in the principal amount of \$16,890,000 (the “Improvement Area No. 8C 2018 Bonds, and together with the Improvement Area No. 8C 2017 Bonds and the Improvement Area No. 8C 2020 Bonds, the “Improvement Area No. 8C Bonds”).

See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS — Improvement Area No. 8C” herein.

Improvement Area No. 17B: \$11,815,000* City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 17B) 2020 Special Tax Refunding Bonds (the “Improvement Area No. 17B Bonds”) are being issued by the District to refund the outstanding City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series A and 2011 Series B (Improvement Area No. 17B) (the “Prior Improvement Area No. 17B Bonds,” and with the Prior Improvement Area No. 8C Bonds, the “Prior Improvement Area Bonds”). The Improvement Area No. 17B Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 17B of the District (“Improvement Area No. 17B”).

The refunding of the Prior Improvement Area No. 17B Bonds will cause a simultaneous refunding of the Beaumont Financing Authority’s 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B) (the “Prior 2011 Authority Bonds”). See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS — Improvement Area No. 17B” herein.

Improvement Area No. 8C and Improvement Area No. 17B are collectively referred to in this Official Statement as the “Improvement Areas” or the “Taxing Jurisdictions.”

Legal Authority

The Bonds. The Bonds are being issued under Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and an Indenture of Trust dated as of July 1, 2020 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”).

The Local Obligations. The Local Obligations are being issued pursuant to 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 “Mello-Roos Act”). The Improvement Area No. 8C 2020 Bonds are being issued pursuant to an Indenture of Trust dated as of January 15, 1994, as amended and

* Preliminary, subject to change.

supplemented, including as supplemented by a Thirty-Seventh Supplemental Indenture, dated as of July 1, 2020 (together, the “Improvement Area No. 8C Indenture”), by and between the District and Wilmington Trust, National Association, as trustee (the “District Trustee”).

The Improvement Area No. 17B Bonds are being issued pursuant to a Bond Indenture, dated as of July 1, 2020 (the “Improvement Area No. 17B Indenture, and together with the Improvement Area No. 8C Indenture, the “Local Obligation Bond Indentures” and each, a “Local Obligation Bond Indenture”), by and between the District and the District Trustee.

Sources of Payment for the Bonds and the Local Obligations

The Bonds are secured by a first lien on and pledge of all of the Revenues. “Revenues” are defined in the Indenture to include:

- (a) all amounts received from the Local Obligations;
- (b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds (other than the Surplus Fund); and
- (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds (other than investment income on moneys held in the Surplus Fund).

See “SECURITY FOR THE BONDS — Revenues and Flow of Funds” herein.

Local Obligations. Each Local Obligation will be payable from Net Special Taxes collected in the applicable Taxing Jurisdiction as a result of the levy of Special Taxes.

The Local Obligations are not cross-collateralized. In other words, Special Taxes from one Taxing Jurisdiction cannot be used to cover any shortfall in the payment of debt service on the Local Obligation of another Taxing Jurisdiction. However, the Reserve Fund held by the Trustee and funded with the deposit therein of the Reserve Policy will be available in the event of delinquent Revenues. See “SECURITY FOR THE BONDS — Reserve Fund” herein.

Description of the Bonds

Payments. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2021. Principal of and premium, if any, on the Bonds shall be payable by the Trustee. See “THE BONDS — General Provisions” and “ — Book-Entry Only System” herein.

Denominations. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

Redemption. The Bonds are subject to redemption prior to their maturity. See “THE BONDS — Redemption” herein.

Registration, transfers and exchanges. The Bonds will be issued 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”) under the book-entry system maintained by DTC. See “THE BONDS — Payment, Registration, Transfer and Exchange of Bonds” and “ — Book-Entry Only System.”

The City

The City was incorporated in 1912 under the general laws of the State. The City has a land area of approximately 30 square miles and an estimated population of 48,401 people as of January 1, 2019. The City provides a wide range of services, including police, public works (including sewer and storm drain services), street maintenance and land and building development. The City also operates various community services, including parks, a senior center, a teen and day camp and a municipal swimming pool.

The City is located in Riverside County, California (the “County”), approximately 25 miles east of the city of Riverside at the junction of Interstate 10, State Route 60 and State Route 79.

Neither the Bonds nor the Local Obligations are a debt of the City, and no revenues of the City are pledged to repayment of the Bonds or the Local Obligations.

The Authority

The Authority is a joint exercise of powers authority organized and existing pursuant to the Act. Its members are the City and the Beaumont Parking Authority.

Professionals Involved in the Offering

All proceedings in connection with the issuance of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure Counsel. Slovak Baron Empey Murphy & Pinkney LLP, Palm Springs, California, will render a legal opinion on certain matters for the Authority. Webb Municipal Finance, LLC is acting as Special Tax Consultant to the District. Wilmington Trust, National Association, Costa Mesa, California, will act as the Authority Trustee, District Trustee and Escrow Agent. Stifel, Nicolaus & Company, Incorporated, is acting as underwriter in connection with the issuance and delivery of the Bonds. Kutak Rock LLP, Irvine, California, is serving as Underwriter’s Counsel. Causey, Demgen & Moore, P.C., will provide escrow verification services.

Payment of the fees of Bond Counsel, Disclosure Counsel, the Underwriter and counsel to the Underwriter is contingent upon issuance of the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation, represents the Underwriter in connection with financings unrelated to the Authority, the City and the District.

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 I. See also “MISCELLANEOUS — Continuing Disclosure” herein.

Continuing Disclosure

The Authority will enter into a Continuing Disclosure Agreement with Webb Municipal Finance, LLC, and will covenant therein for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Authority and the Taxing Jurisdictions by not later than April 1 following the end of its fiscal year (which currently ends June 30), commencing with the report for the 2019-20 Fiscal Year (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The first Annual Report will be due April 1, 2021. The Annual Report and notices of certain listed events (the “Listed Events”) will be filed with the Electronic Municipal Market Access System of the

Municipal Securities Rulemaking Board available on the Internet at <http://emma.msrb.org> (“EMMA”). The specific nature of the information to be contained in the Annual Report and any notices of the Listed Events is set forth in Appendix F — “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). See “MISCELLANEOUS — Continuing Disclosure” herein.

FINANCING PLAN

Purpose of Issue and the Refunding Plan

Acquisition of the Local Obligations. The Authority is issuing the Bonds to purchase the Local Obligations.

Refunding of the Prior Improvement Area Bonds. Certain proceeds of the Local Obligations together with funds on hand with the Trustee and the City will be deposited into the Escrow Funds pursuant to the Escrow Agreements. Funds deposited into the Escrow Funds pursuant to the Escrow Agreements will be used to pay principal and interest due on the Prior Improvement Area Bonds through the Redemption Date, and to redeem the remaining outstanding principal amount of the Prior Improvement Area Bonds on such date, as follows:

(a) **Prior Improvement Area No. 8C Bonds:** Proceeds of the Improvement Area No. 8C 2020 Bonds deposited into an Escrow Fund relating to the Prior Improvement Area No. 8C Bonds will be used to defease the outstanding Prior Improvement Area No. 8C Bonds and redeem the Prior Improvement Area No. 8C Bonds maturing on and after September 1, 2023 on September 1, 2022, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(e) **Prior Improvement Area No. 17B Bonds:** Proceeds of the Improvement Area No. 17B Bonds deposited into an Escrow Fund relating to the Prior Improvement Area No. 17B Bonds will be used to defease the outstanding Prior Improvement Area No. 17B Bonds and redeem the Prior Improvement Area No. 17B Bonds maturing on and after September 1, 2022 on September 1, 2021, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

Certain moneys in the existing funds and accounts relating to the Prior Improvement Area Bonds and the Prior Authority Bonds also will be transferred to the Escrow Funds and be applied to the defeasance and redemption of the Prior Improvement Area Bonds. See “— Estimated Sources and Uses of Funds” below. See also “MISCELLANEOUS — Verification of Mathematical Accuracy” below.

The redemption of the Prior Improvement Area Bonds will cause a simultaneous redemption of the Prior Authority Bonds.

Estimated Sources and Uses of Funds

The Bonds. The anticipated sources and uses of funds relating to the Bonds and the funds relating to the Prior Improvement Area Bonds, the Prior 2011 Authority Bonds and the Prior 2012 Authority Bonds are as follows:

	<i>Total</i>
Sources:	
Principal Amount of the Bonds	
Underwriter’s Discount	
Total Sources	
Uses:	
Purchase of Local Obligations ⁽¹⁾⁽²⁾	
Total Uses	

-
- (1) The Trustee for each of the Local Obligations will transfer to the Escrow Agent funds held in existing funds and accounts relating to the Prior Improvement Area Bonds, together with Bond proceeds received from the Authority from the purchase of the Local Obligations, to the Escrow Funds to defease the Prior Improvement Area Bonds, the Prior 2011 Authority Bonds and the Prior 2012 Authority Bonds. See the sources and uses of funds for the Local Obligations below.
 - (2) Proceeds of the Bonds will be used to acquire the Local Obligations. The District Trustee for each of the Local Obligations will transfer to the Trustee for the Bonds for deposit in the Costs of Issuance Fund each Taxing Jurisdiction’s proportionate share of the costs of issuance of the Bonds.

Local Obligations. The anticipated sources and uses of funds relating to the Local Obligations and prior funds on hand are as follows:

	<i>Improvement Area No. 8C</i>	<i>Improvement Area No. 17B</i>
Sources		
Principal Amount		
Prior Funds on Hand		
Underwriter’s Discount		
Total Sources		
Uses		
Escrow Funds ⁽¹⁾		
Cost of Issuance Fund ⁽²⁾		
Total Uses		

-
- (1) See “—Purpose of Issue and the Refunding Plan.”
 - (2) On the date of issuance of the Bonds and the Local Obligations, the District will deposit a portion of the proceeds of the Local Obligations into the Cost of Issuance Fund. Amounts in the Cost of Issuance Fund will be used to pay Trustee fees, Bond Counsel fees, printing costs, the premium for the Policy and the Reserve Policy, and other related costs.

BOND INSURANCE

The information under this caption has been prepared by _____ (the “Insurer”) for inclusion in this Official Statement. None of the Authority, the District or the Underwriter has reviewed this information, nor do such entities make any representation with respect to the accuracy or completeness thereof. The following information is not complete and reference is made to Appendix H for a specimen of the Policy.

[TO COME FROM BOND INSURER]

THE BONDS

General Provisions

The Bonds will be dated their date of delivery, and the Bonds will be issued in the aggregate principal amounts set forth on the inside front cover hereof. The Bonds will bear interest from their dated date at the rates per annum set forth on the inside front cover hereof, payable semiannually on each March 1 and September 1, commencing March 1, 2021 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside front cover hereof. The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof.

Interest on the Bonds will be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner as of the Record Date immediately preceding each Interest Payment Date. Interest will be paid by check of the Trustee mailed on the Interest Payment Date by first class mail, postage prepaid, to the Owner at the address as it appears on the Bond Register or by wire transfer to an account in the United States of America upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds provided to the Trustee, in writing, at least five Business Days before the Record Date for such Interest Payment Date. The Bonds are issued in fully registered form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“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. See the subsection hereof entitled “— Book-Entry Only System.”

Principal of and premium (if any) on any Bond will be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Trust Office of the Trustee.

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date (the 15th calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day) and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2021 in which event it will bear interest from the Dated Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon, or from the Dated Date if no interest has been paid or made available for payment.

Redemption

Optional Redemption. The Bonds may be redeemed at the option of the Authority, from any source of available funds, prior to maturity on any date on or after September 1, 20__ as a whole, or in part from maturities of the Local Obligations simultaneously redeemed, if any redemption of Local Obligations is being made in conjunction with such optional redemption, and otherwise from such maturities as are selected by the Authority, by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

Prior to consenting to the optional redemption of any Local Obligation which it has purchased, the Authority will deliver to the Trustee a certificate of an Independent Accountant verifying that, following such optional redemption of the Local Obligations and redemption of Bonds, the principal and interest generated from the remaining Local Obligations is adequate to make the timely payment of principal and interest due on the Bonds will remain Outstanding under the Indenture following such optional redemption.

Special Redemption. The Bonds are subject to special redemption on any Interest Payment Date from proceeds of early redemption of Local Obligations from the prepayment of Special Taxes within a Taxing

Jurisdiction in connection with Local Obligations, in whole or in part, from maturities corresponding proportionately to the maturities of the Local Obligations simultaneously redeemed, at the principal amount thereof, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest to the date of redemption thereof:

Redemption Dates

Premium

Notice of Redemption. The Trustee on behalf, and at the expense, of the Authority will send notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Bond Register, and to the Securities Depositories and to the Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice so sent nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. The notice will state the date of the notice, the redemption date, the redemption place and the redemption price and will designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

In the case of an optional or special redemption of Bonds, such notice may state that such redemption is subject to receipt by the Trustee, on or before the date fixed for redemption, of moneys sufficient to pay the redemption price of the Bonds to be redeemed. Unless funds for the optional or special redemption of any Bonds are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Bondowners, such notice shall state that such redemption is subject to the deposit of funds by the Authority. Any notice of optional or special redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture.

Selection of Bonds of a Maturity for Redemption. Unless otherwise provided in the Indenture, whenever provision is made for the redemption of less than all of the Bonds of a maturity, the Trustee will select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion deems appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 authorized denominations, and such separate authorized denominations will be treated as separate Bonds which may be separately redeemed.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority will execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

In the event of a partial optional redemption or special redemption of 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, as determined by the Authority, and the Authority will provide the Trustee with a revised schedule for remaining sinking fund payments.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Indenture other than

the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice.

Payment, Registration, Transfer and Exchange of Bonds

Book-Entry Only System. The Bonds will be issued 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 set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in Appendix B) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “THE BONDS — Book-Entry Only System.” In the event that the book-entry-only system is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See “THE BONDS — Book-Entry Only System.”

Transfer of Bonds. Subject to the book-entry only provisions of the Indenture, any Bond may in accordance with its terms, be transferred, upon the Bond Register maintained by the Trustee, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond is surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount. No Bonds selected for redemption will be subject to transfer, nor shall any Bond be subject to transfer during the fifteen days prior to the selection of Bonds for redemption.

The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any transfer or exchange will be paid by the Authority. However, the Owners of the Bonds will be required to pay any tax or other governmental charge required to be paid for any exchange or registration of transfer and the Owners of the Bonds will be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the replacement of any mutilated, lost or stolen Bonds.

Exchange of Bonds. Subject to the book-entry only provisions of the Indenture, Bonds may be exchanged at the Trust Office of the Trustee for Bonds of the same tenor and maturity and of other authorized denominations. No Bonds selected for redemption will be subject to exchange, nor shall any Bond be subject to exchange during the fifteen days prior to the selection of Bonds for redemption.

Temporary Bonds. The Bonds may be issued initially in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Bond Register. The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which will be the Bond Register and shall at all times during regular business hours be open to inspection by the Authority upon reasonable notice; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as hereinbefore provided.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and destroyed in accordance with the retention policy of the Trustee then in effect. If any Bond issued under the Indenture shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, at the expense of the Bond Owner, the Authority shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Trustee may require payment of a reasonable fee for each new Bond issued under the Indenture and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture.

Book-Entry Only System

While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in Appendix G — “DTC AND THE BOOK-ENTRY-ONLY SYSTEM” herein. So long as Cede & Co. is the registered owner of the Bonds, references herein to the Owners of the Bonds shall mean Cede & Co. and *not* the Beneficial Owners of the Bonds. **The Authority gives no assurance that DTC or the DTC Participants will distribute payments or notices to Beneficial Owners.**

Estimated Debt Service Schedules: Bonds and Local Obligations

The Local Obligations acquired with proceeds of the Bonds mature on the same date. The following table presents the debt service schedule for the Bonds, assuming there are no early redemptions of Bonds prior to maturity:

TABLE 1

ANNUALIZED DEBT SERVICE SCHEDULE FOR THE BONDS

<i>Year Ending September 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>
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The following table summarizes the anticipated debt service payments to be received by the Authority as the result of its ownership of the Local Obligations, assuming there are no early redemptions of Local Obligations prior to their respective maturities.

TABLE 2

ANNUALIZED DEBT SERVICE SCHEDULE FOR THE LOCAL OBLIGATIONS

<i>Bond Year Ending September 1</i>	<i>Improvement Area No. 8C Debt Service</i>	<i>Improvement Area No. 17B Debt Service</i>	<i>Total Revenues⁽¹⁾</i>	<i>Total Debt Service on the Bonds</i>
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Total

⁽¹⁾ Equals the total anticipated debt service on the Local Obligations in each Bond Year ending September 1.
Source: Underwriter.

Debt Service Coverage for the Bonds

Scheduled payments of principal of and interest on the Bonds equals 100% of the projected Revenues that will be generated by the anticipated payment of debt service on each of the Local Obligations while the Bonds are outstanding. According to the Special Tax Consultant, based on the annual debt service for the Local Obligations, Special Taxes levied in each Taxing Jurisdiction, less estimated Administrative Expenses and assuming no delinquencies, if levied at the Assigned Special Tax rates, would generate in each Fiscal Year not less than 110% of debt service payable with respect to each series of Local Obligations. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.” However, under the Act, under no circumstances will the Special Taxes levied against any Assessor’s Parcel of Residential Property within the applicable Taxing Jurisdiction for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other Assessor’s Parcel within such applicable Taxing Jurisdiction. See “SECURITY FOR THE LOCAL OBLIGATIONS — Special Taxes; Gross Special Taxes; Net Special Taxes — 10% Limitation on Increases in the Special Tax Levy as a Result of Delinquencies.”

SECURITY FOR THE BONDS

General

As described below, the Bonds are payable primarily from Revenues consisting primarily of amounts received by the Authority as the result of its acquisition of the Local Obligations.

The Bonds are special obligations of the Authority payable solely from and secured solely by the Revenues pledged therefor in the Indenture. The Bonds are not a debt or liability of the City, the State of California or any political subdivisions thereof other than the Authority to the limited extent described herein. The faith and credit of the Authority is not pledged to secure the payment of Bonds, nor is any of its political subdivisions liable therefor, nor in any event shall the Bonds or any interest or redemption premium thereunder be payable out of any funds or properties other than those of the Authority as set forth in the Indenture. The Authority has no taxing power.

Revenues and Flow of Funds

Bonds; Revenues. The Bonds are secured by a first lien on and pledge of all of the Revenues. So long as any of the Bonds are Outstanding, the Revenues will not be used for any purpose except as is expressly permitted by the Indenture.

Collection by the Trustee. The Trustee will collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee is also entitled to and will take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City and the District under the Local Obligations.

Deposit of Revenues. All Revenues derived from the Local Obligations, other than Local Obligation Delinquency Revenues, will be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund. Any Revenues which represent the payment of delinquent principal of or interest on an issue of Local Obligations will immediately be deposited to the Reserve Fund to the extent necessary to replenish, to the extent the Reserve Fund deficiency resulted from the delinquency in the payment of scheduled debt service on such Local Obligations, the amount in the Reserve Fund to the Reserve Requirement, with any amount in excess of that needed to replenish the Reserve Fund to be deposited to the Revenue Fund for transfer as provided in the Indenture.

Application of Revenues. On each Interest Payment Date, the Trustee shall transfer from the Revenue Fund, and deposit into the following respective accounts for the Bonds, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

Interest Account. On each Interest Payment Date, the Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds on such date. Moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity). In the event that the amounts on deposit in the Interest Account on any Interest Payment Date, after any transfers from the Reserve Fund, are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Bonds, the Trustee will apply such amounts to the payment of interest on each of the Outstanding Bonds on a pro rata basis.

Principal Account. On each September 1 on which principal of the Bonds will be payable, the Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of, and premium (if any) on, the Bonds coming due and payable on such date, or required to be redeemed on such date; provided, however, that no amount will be deposited to effect an optional redemption unless the Trustee has first received a certificate of an Independent Accountant certifying that such deposit to effect an optional redemption of the Bonds will not impair the ability of the Authority to make timely payment of the principal of and interest on the Bonds, assuming for such purposes that the City and the District continue to make timely payments on all Local Obligations not then in default. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Bonds at the maturity thereof or (ii) paying the principal of and premium (if any) on any Bonds upon the redemption thereof.

Reserve Fund. On each Interest Payment Date on which the balance in the Reserve Fund is less than the Reserve Requirement, after making deposits required into the Interest Account and the Principal Account, the Trustee shall transfer from the Revenue Fund an amount sufficient to increase the balance in the Reserve Fund to the Reserve Requirement by depositing the amount necessary to make the various accounts therein equal to, together, the Reserve Requirement, provided the value of the moneys deposited therein, as invested, will be valued at market value on such transfer date for purposes of making such determination.

Deficiencies. If on any Interest Payment Date the amount on deposit in the Revenue Fund is inadequate to make the transfers described above as a result of a payment default on an issue of Local Obligations, the Trustee will immediately notify the District of the amount needed to make the required deposits described above under “— *Application of Revenues.*” In the event that following such notice the Trustee receives additional payments from the District to cure such shortfall, the Trustee shall deposit such amounts to the Revenue Fund for application in accordance with the Indenture.

Surplus Fund. On September 1 of each year, after making the deposits described above, the Trustee will transfer all amounts remaining on deposit in the Revenue Fund to the Administrative Expense Fund unless the Trustee has received a request of the Authority directing it to transfer all or a portion of the said amounts to the Surplus Fund, in which case the Trustee shall make the transfer to the Surplus Fund.

Reserve Fund

An account for each issue of Local Obligations will be established in the Reserve Fund (each, an “Account”). The Reserve Policy in the amount of \$_____ shall be deposited into the Reserve Fund in an amount equal to the Reserve Requirement. Each Local Obligation’s share shall initially be as follows:

- \$_____ in the Improvement Area No. 8C Account
- \$_____ in the Improvement Area No. 17B Account

The aggregate of the foregoing amounts is equal to the Reserve Requirement as of the date of issuance of the Bonds, which is an amount equal to the lowest of (i) 10% of the initial principal amount of the Bonds, (ii) Maximum Annual Debt Service on the Outstanding Bonds, or (iii) 125% of average Annual Debt Service on the Outstanding Bonds. Pursuant to the Indenture, the Reserve Requirement shall never be greater than the initial Reserve Requirement, and, as of any date of calculation, shall not be greater than the Reserve Requirement calculated for the previous Bond Year. In the event that the amount of the Reserve Requirement is changed, the Trustee will, upon receipt of a Request of the Authority, adjust the shares of each Account to reflect the new Reserve Requirement.

Subject to the limitations set forth in the following paragraph, moneys in the Reserve Fund will be used to pay the principal of and interest on the Bonds when the moneys in the Interest Account and the Principal Account of the Revenue Fund are insufficient therefor. In addition, amounts in the Reserve Fund may be applied (i) in connection with an optional redemption of Bonds or a defeasance thereof, (ii) when the balance therein equals the principal and interest due on the Bonds to and including maturity, (iii) credited to a Taxing Jurisdiction as a result of a reduction in the Reserve Requirement resulting from the redemption of the Local Obligations relating to such Taxing Jurisdiction and the Bonds so redeemed in connection therewith, or (iv) when amounts in certain accounts of the Reserve Fund are transferred to the Interest Account and the Principal Account as a credit against the payments due on the Local Obligations on the transfer dates specified below.

If the amounts in the Interest Account or the Principal Account of the Revenue Fund are insufficient to pay the principal of or interest on the Bonds when due, the Trustee shall withdraw from the applicable Reserve Account or Reserve Accounts an amount equal to the deficiency resulting from the delinquency in the payment of scheduled debt service on the applicable series of Local Obligations and transfer such amount to the Interest Account, the Principal Account of the Revenue Fund or both, as applicable. If there are insufficient funds on deposit in a Reserve Account to cover a deficiency resulting from the delinquency in the payment of scheduled debt service on the applicable series of Local Obligations, the Trustee shall withdraw from each of the other Reserve Accounts a share of such insufficiency based upon the proportion of the amount in a Reserve Account to the total amount on deposit in the Reserve Fund and transfer such amounts to the Interest Account, the Principal Account of the Revenue Fund or both, as applicable.

Upon the transfer by the Trustee to the Reserve Fund of delinquent Revenues, such Revenues shall be allocated to the Reserve Accounts as follows:

First, to the Reserve Account for any series of Local Obligations, other than the Reserve Account to which such delinquent Revenues relate, that amount necessary to increase the amount on deposit in such account to the Reserve Requirement on a Proportionate Share basis if the deficiency in the amount on deposit in such account resulted from draws on such account due to delinquencies in the payment of scheduled debt service on that series of Local Obligations from which the Local Obligations Delinquency Revenues were received. In the event that such delinquent Revenues are not sufficient to increase the amount on deposit in each of the applicable Reserve Accounts to the Reserve Requirement, a Proportionate Share of such delinquent Revenues shall be deposited in each such Reserve Account.

Second, after increasing the amount on deposit in each applicable Reserve Account to the applicable Proportionate Share of the Reserve Requirement pursuant to the first step, to the Reserve Account for the series of Local Obligations from which the delinquent Revenues were received that amount necessary to replenish the amount on deposit in such Reserve Account to the applicable Proportionate Share of the Reserve Requirement.

Third, after making all deposits pursuant to the first and second steps, the remaining delinquent Revenues, if any, shall be transferred to the Revenue Fund.

When amounts in an Account of the Reserve Fund are sufficient to repay the remaining principal and interest due on the related Local Obligations that will be applied to the Bonds, such amounts will be transferred to the Interest Account and the Principal Account as a credit against the payments due on such Local Obligations, with the amount transferred from an Account being deposited first to the Interest Account as a credit on the interest due on such Local Obligations on such date and the balance being deposited to the Principal Account as a credit on the principal due on such Local Obligations on such date.

Surplus Fund

Any amounts transferred to the Surplus Fund will no longer be considered Revenues and will not be pledged to repay the Bonds. So long as Local Obligations are outstanding, on September 1 of each year after setting aside any amount specified in a Request of the Authority as necessary to pay Administrative Expenses, all of the remaining balance, if any, in the Surplus Fund will (i) be transferred by the Trustee to the City for credit to the special tax fund of the District, and the District shall be credited a percentage of the total amount available on each September 1 that is equal to the percentage that its outstanding Local Obligations represent of all outstanding Local Obligations held by the Trustee as of the date of disbursement, or (ii) as set forth in a Request of the City be applied to the redemption of Local Obligations pursuant to the terms of the Local Obligations Indenture with the District to be credited a percentage of the total amount available on each September 1 that is equal to the percentage which its outstanding Local Obligations represents of all outstanding Local Obligations held by the Trustee as of the date of disbursement.

In the event that the Local Obligations have been prepaid or defeased in whole or in part, then such credit shall be applied based on a Certificate of an Independent Financial Consultant prepared at the direction of the Authorized Representative of the City. In the event the District is no longer obligated to levy Special Taxes to repay Local Obligations, then any amounts in the Surplus Fund may be used by the Authority for any lawful purpose, including, but not limited to, the payment of expenses of the Authority, the City or the District relating to the Bonds, the Local Obligations, the District, or any other purpose as specified in a Request of the Authority delivered to the Trustee.

No Additional Bonds Except to Refund Bonds

The Authority may issue Additional Bonds secured on a parity with the Bonds (“Additional Bonds”), in such principal amount as shall be determined by the Authority, pursuant to a Supplemental Indenture adopted or entered into by the Authority, but only for the purpose of refunding the Bonds or Additional Bonds.

Additional Bonds may only be issued subject to the following conditions precedent established by the Indenture:

- (a) The Authority shall be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures.
- (b) The proceeds of such Additional Bonds will be applied to accomplish a refunding of all or a portion of the Bonds or any Additional Bonds Outstanding.
- (c) The Supplemental Indenture providing for the issuance of such Additional Bonds must provide that interest thereon will be payable on September 1 and March 1, and principal thereof will be payable on September 1 in any year in which principal is payable.
- (d) Prior to the delivery of any Additional Bonds, a written certificate must be provided to the Authority and the Trustee by an Independent Financial Consultant which certifies that the Annual Debt Service

in each Bond Year on the Additional Bonds does not exceed the Annual Debt Service in each Bond Year on the Bonds defeased or redeemed with the proceeds of such Additional Bonds.

(e) The Supplemental Indenture providing for the issuance of Additional Bonds may provide for the establishment of separate funds and accounts.

(f) No Event of Default has occurred and be continuing with respect to the Bonds or any of the Local Obligations.

(g) The Authority will deliver to the Trustee a written Certificate of the Authority certifying that the conditions precedent to the issuance of such Additional Bonds set forth in subsections (a), (b), (c), (d) and (f) above have been satisfied and that, upon the issuance of such Additional Bonds an amount equal to the Reserve Requirement, as adjusted (if necessary) to reflect the issuance of such Additional Bonds will be on deposit in the Reserve Fund.

SECURITY FOR THE LOCAL OBLIGATIONS

General

Each Local Obligation is a limited obligation of the District payable solely from Net Special Taxes (defined below) collected in the applicable Taxing Jurisdiction and amounts deposited by the District in the applicable Special Tax Fund. The District's limited obligation to pay the principal of, premium, if any, and interest on the applicable Local Obligations from Net Special Taxes collected in the applicable Taxing Jurisdiction and amounts in the applicable Special Tax Fund is absolute and unconditional.

No Local Obligation (and no Parity Bonds issued under the Local Obligation Bond Indenture relating to the Local Obligations, each a "Local Obligation Parity Bond") is 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 Special Taxes collected in the applicable Taxing Jurisdiction and other amounts in the applicable Special Tax Fund.

The "Special Taxes" for each Taxing Jurisdiction are levied and collected according to the rate and method of apportionment (each, a "Rate and Method") established for such Taxing Jurisdiction. See Appendix A — "INFORMATION REGARDING THE TAXING JURISDICTIONS" and Appendix D — "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS."

The Local Obligations are not cross-collateralized. In other words, Special Taxes collected in one Taxing Jurisdiction cannot be used to cover any shortfall in the payment of debt service on the Local Obligations of another Taxing Jurisdiction. However, the Reserve Fund held by the Trustee and funded at the Reserve Requirement will be available in the event of delinquent Revenues. See "SECURITY FOR THE BONDS — Reserve Fund" herein.

Except for the Net Special Taxes, neither the credit nor the taxing power of the District or the City is pledged for the payment of the Local Obligations or related interest, and no Owner of the Bonds may compel the exercise of taxing power by the District or the forfeiture of any of its property. The principal of and interest on the Local Obligations and premiums upon the redemption thereof, if any, are not a debt of the District or the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction.

The Special Tax is collected in the manner and at the same time as *ad valorem* property taxes are collected and is 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; provided, however, that the District may directly bill

the Special Tax, and may collect Special Taxes at a different time or in a different manner as determined by the City Council.

However, under the Act as in effect at the time of formation of the Improvement Areas and under the applicable Rate and Methods, under no circumstances will the Special Taxes levied against any Assessor's Parcel of Residential Property within the applicable Improvement Area for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within such applicable Improvement Area. Therefore, even though the maximum Special Tax rates may allow for Special Tax increases greater than 10%, in the event of high delinquencies in an Improvement Area, the District could not increase the Special Taxes in such applicable Improvement Area in the fiscal year following such delinquencies by more than 10% on the residential units. See "SPECIAL RISK FACTORS — Special Tax Delinquencies."

Improvement Area No. 8C Indenture

Under the Improvement Area No. 8C Indenture, "Net Taxes" (and referred to herein as the "Net Special Taxes") pledged by the District to the Improvement Area No. 8C Bonds is defined in the Improvement Area No. 8C Indenture as the "Gross Taxes" (referred to herein as the "Gross Special Taxes") minus a certain amount of Administrative Expenses (the "Priority Administrative Expenses"). Priority Administrative Expenses are equal to \$30,000.

"Gross Special Taxes" is defined in the Improvement Area No. 8C Indenture as the amount of Special Taxes for Improvement Area No. 8C and proceeds from the sale of property collected pursuant to the foreclosure provisions of the Improvement Area No. 8C Indenture for the delinquency of such Special Taxes and proceeds from any security for payment of Special Taxes for Improvement Area No. 8C taken in lieu of foreclosure.

At such time as the County Auditor-Controller of the County makes an apportionment of tax revenues, including Special Taxes of Improvement Area No. 8C and other amounts constituting Gross Special Taxes, if any, and such apportionment is transferred to the District Trustee on behalf of the District for Improvement Area No. 8C (any such apportionment being hereinafter referred to as an "Apportionment"), the Trustee shall deposit such Apportionment and any other amounts constituting Gross Taxes in the Special Tax Fund for Improvement Area No. 8C, to be held in trust by the District Trustee and transferred and deposited into the following respective accounts and Funds the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Special Taxes for Improvement Area No. 8C sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

- (1) The Administrative Expenses Fund;
- (2) The Interest Account of the Bond Fund;
- (3) The Principal Account of the Bond Fund;
- (4) The Sinking Account of the Bond Fund;
- (5) The applicable Reserve Account of the Bond Fund and to any other reserve fund or account established in connection with or allocated to the Improvement Area No. 8C Bonds (including the Reserve Fund established under the Indenture;
- (6) The Rebate Fund; and

- (7) The Residual Fund.

Improvement Area No. 17B Indenture

Under the Improvement Area No. 17B Indenture, the “Net Special Taxes” pledged by the District to the Improvement Area No. 17B Bonds (and any related Local Obligation Parity Bonds) is defined in the Improvement Area No. 17B Indenture as “Gross Special Taxes” minus amounts set aside to pay Priority Administrative Expenses.

“Gross Special Taxes” is defined in the Improvement Area No. 17B Indenture as the amount of all Special Taxes received by the District for Improvement Area No. 17B, together with the net amounts collected from the redemption of delinquent Special Taxes, including the penalties and interest thereon and from the sale of property sold as a result of the foreclosure of the lien of the Special Taxes resulting from the delinquency in the payment of such Special Taxes due and payable on such property.

“Priority Administrative Expenses” are annual Administrative Expenses of the District payable from Gross Special Taxes from Improvement Area No. 17B, which expenses total up to \$30,000 for Improvement Area No. 17B in each Fiscal Year.

The District may, in its sole discretion, fund additional Administrative Expenses for Improvement Area No. 17B, without limitation, from Special Taxes collected within Improvement Area No. 17B not otherwise required to be transferred to the District Trustee and from moneys held in the Administrative Expense Fund held under the Improvement Area No. 17B Indenture.

The District covenants in the Improvement Area No. 17B Indenture that it will receive all Net Special Taxes in trust for the Owners of the Improvement Area No. 17B Bonds, and will instruct the Treasurer to deposit Net Special Taxes for Improvement Area No. 17B with the District Trustee as required by the Improvement Area No. 17B Indenture, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by the Improvement Area No. 17B Indenture.

Except for the portion of any prepayment of Special Taxes to be deposited into the Redemption Account established under the Improvement Area No. 17B Indenture, the District Trustee under the Improvement Area No. 17B Indenture will, on each date on which the Special Taxes of Improvement Area No. 17B are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Authority as the owner of the Improvement Area No. 17B Bonds. The District Trustee will transfer such Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Improvement Area No. 17B Indenture, 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 Authority for deposit in the Reserve Account as necessary to increase the amount therein to the District’s Proportionate Share of the Reserve Requirement and to such reserve accounts for Local Obligation Parity Bonds to replenish the amounts therein to the applicable reserve requirements;
- (5) The Redemption Account of the Special Tax Fund; and
- (6) The District Surplus Fund.

The Improvement Area No. 17B Indenture creates and establishes to be maintained by the District Trustee a Surplus Fund. As soon as practicable after each September 1, and in any event prior to each October 1, the District Trustee will 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 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. The amounts in the Surplus Fund are not pledged to the repayment of the Local Obligations or any Parity Local Obligations and may be used by the District for any lawful purpose.

Local Obligation Parity Bonds

Each Local Obligation Bond Indenture authorizes the District to issue additional bonds secured by Net Special Taxes on a parity with the related Local Obligations but only for the purpose of refunding all or a portion of the applicable Local Obligations or Local Obligation Parity Bond. Local Obligations shall only be refunded if a corresponding amount of Bonds is refunded. For a description of the conditions established in each Local Obligation Bond Indenture for the issuance of Local Obligation Parity Bonds, see Appendix B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Priority of Lien

Each installment of the Special Taxes and any interest and penalties thereon, constitutes a lien on the parcel of land on which it was imposed until the same is paid. Such lien is co-equal to and independent of the lien for general taxes, any other community facilities district special taxes. See “THE TAXING JURISDICTIONS — The Taxing Jurisdictions in the Aggregate” herein.

Covenants of the District

In each Local Obligation Bond Indenture, the District covenants as follows, among other things:

Punctual Payment. It will duly and punctually pay or cause to be paid the principal of and interest on each related Local Obligation (and any related Local Obligation Parity Bond) issued under its Local Obligation Bond Indenture, together with the premium, if any to the extent that Net Special Taxes and other amounts pledged under the Local Obligation Bond Indenture are available therefor.

Against Encumbrance. It will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Special Taxes except as provided in the related Local Obligation Bond Indenture, and will not issue any obligation or security having a lien or charge upon the Net Special Taxes superior to or on a parity with the related Local Obligations (other than related Local Obligation Parity Bonds). Nothing in the Local Obligation Bond Indenture prevents the District from issuing or incurring indebtedness which is payable from a pledge of Net Special Taxes which is subordinate in all respects to the pledge of Net Special Taxes to repay the related Local Obligations and the related Local Obligation Parity Bonds.

Levy of Special Tax.

Improvement Area No. 8C Indenture. The City Council, on behalf of the District, shall, levy the Special Tax in Improvement Area No. 8C in an amount sufficient to pay the principal or Accreted Value of and interest on the Improvement Area No. 8C Bonds and any related Local Obligation Parity Bonds as provided in the proceedings and the Administrative Expenses relating to Improvement Area No. 8C due or coming due, plus the amount, if any, necessary to replenish the Reserve Account to an amount equal to the Reserve Requirement for Improvement Area No. 8C, if any, so long as any Improvement Area No. 8C Bonds and any related Local Obligation Parity Bonds are Outstanding; provided, that the amount of the Special Tax shall not exceed the maximum amounts specified in the Rate and Method for Improvement Area No. 8C Bonds.

Improvement Area No. 17B Indenture. So long as any Improvement Area No. 17B Bonds or related Local Obligation Parity Bonds are Outstanding, the legislative body of the District will levy the related Special Tax in Improvement Area No. 17B (taking into consideration reasonably anticipated delinquencies) in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay the principal of and interest on such Improvement Area No. 17B Bonds and any such related Local Obligation Parity Bonds when due, the applicable Administrative Expenses and any amounts required to replenish such District's allocable share of the Reserve Requirement for Improvement Area No. 17B resulting from the delinquency in the payment of scheduled debt service on the Improvement Area No. 17B Bonds or related Local Obligation Parity Bonds. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy for Improvement Area No. 17B or the District's authority to levy the Special Tax for so long as the Improvement Area No. 17B Bonds and any related Local Obligation Parity Bonds are outstanding.

Commence Foreclosure Proceedings.

Improvement Area No. 8C Indenture. The District covenants with and for the benefit of the Owners of the Improvement Area No. 8C Bonds and the landowners of Improvement Area No. 8C securing the Improvement Area No. 8C 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 Improvement Area No. 8C, if the District determines that any single property owner subject to the Special Tax within Improvement Area No. 8C is delinquent in the payment of Special Taxes in the aggregate of \$2,500 or more or that as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within Improvement Area No. 8C, 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.

Improvement Area No. 17B Indenture. The District covenants for the benefit of the Owners of the Improvement Area No. 17B Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$2,500 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due, (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each fiscal year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is at less than the Reserve Requirement, and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District may, but is not obligated to, advance funds from any source of legally available funds in order to maintain any Reserve Account of the Reserve Fund. The District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the applicable Special Tax Fund. See "SPECIAL RISK FACTORS — Special Tax Delinquencies" herein for a discussion of the City's current foreclosure proceedings.

The District covenants that it will deposit the net proceeds of any foreclosure and any other Delinquency Proceeds in the applicable Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to pay any delinquent installments of principal and interest on the Improvement Area No. 17B Bonds and any related Local Obligation Parity Bonds and to make current payments of principal and interest on the Improvement Area No. 17B Bonds and any related Local Obligation Parity Bonds, and to replenish any draw on the Reserve Account for Improvement Area No. 17B resulting from the delinquency in the payment of scheduled debt service on the Improvement Area No. 17B Bonds and any related Local Obligation Parity Bonds.

Reduction of Maximum Special Taxes. The District shall find and determine under each Local Obligation Bond Indenture 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 shall determine under each Local Obligation Bond Indenture that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the applicable Improvement Area below the levels provided under the Local Obligation Bond Indenture would interfere with the timely retirement of the Local Obligations and Parity Local Obligations. The District shall determine it to be necessary in order to preserve the security for the Local Obligations and Parity Local Obligations to covenant, and, to the maximum extent that the law permits it to do so, the District does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates in each Improvement Area, 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 applicable Improvement Area as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing taxable property in each Bond Year for any Local Obligations and Parity Local Obligations Outstanding will equal at least the sum of the Priority Administrative Expenses for such Bond Year plus 110% of the gross debt service in such 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 Local Obligations and Parity Local Obligations, and (iii) the District is not delinquent in the payment of the principal of or interest on the Local Obligations or any Parity Local Obligations.

Special Taxes Are Not Within Teeter Plan

The Special Taxes are not encompassed within the alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the California Revenue and Taxation Code (Section 4701 et seq.), commonly referred to as the “Teeter Plan.” The County of Riverside (the “County”) has adopted a Teeter Plan under which a tax distribution procedure is implemented and secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. However, by policy, the County does not include special taxes, assessments or assessments in its Teeter Plan. The Special Taxes of the District are not included in the County’s Teeter Plan.

THE DISTRICT

The District was formed by the City on August 11, 1993, and its improvement areas are located throughout the City.

THE IMPROVEMENT AREAS

The Taxing Jurisdictions in the Aggregate

Introduction. Set forth under this caption is certain information describing the Taxing Jurisdictions in the aggregate and separate sections on each of them. Although the Authority believes the information with respect to the Taxing Jurisdictions, in the aggregate, is relevant to an informed decision to purchase the Bonds, investors should be aware that the debt service on one Local Obligation may not be used to make up any shortfall in the debt service on another Local Obligation. Moreover, the parcels in each Taxing Jurisdiction are taxed according to the applicable Rate and Method, and the applicable Special Taxes may only be applied to pay the debt service on the Local Obligations related to the Taxing Jurisdiction in which such Special Taxes are levied and not on the debt service of any other Local Obligations.

Potential investors should further be aware that Special Taxes are levied against individual parcels within each Taxing Jurisdiction and that any such parcel may have a value-to-lien ratio less than the overall

value-to-lien ratio for such Taxing Jurisdiction and less than the value-to-lien ratio of the Taxing Jurisdictions in the aggregate.

Property Values & Development Status. The most recent aggregate assessed value reported by the County Assessor for the property in the Taxing Jurisdictions for the Fiscal Year 2018-19 was \$346,011,252. Each of the Taxing Jurisdictions is built-out, with a total of 1,079 single family residences. The Special Tax obligation has been prepaid for three parcels within Improvement Area No. 8C and two parcels within Improvement Area No. 17B. As a result, there are a total of 1,074 parcels within the Taxing Jurisdictions in the aggregate which are subject to their respective Special Tax levies.

Value-To-Lien Ratios. The aggregate assessed value of all of the taxable property in the Taxing Jurisdictions, as established by the County Assessor for Fiscal Year 2019-20, was \$346,011,252. The aggregate principal amount of the Local Obligations is \$17,595,000*. The following tables set forth the aggregate assessed value-to-lien ratios of all the taxable property in the Taxing Jurisdictions based on Fiscal Year 2019-20 assessed values in each of the Taxing Jurisdictions and the principal amount of the Local Obligations. Table 3 presents such information by Taxing Jurisdiction.

As shown in Table 4 below, 52 parcels have value-to-lien ratios below 6.00:1. These parcels are located in Improvement Area No. 8C. One of such parcels has reduced assessed value due to Proposition 60/90, which allows property owners aged 55 and older to transfer the base year value of a sold home to a replacement home of equal or lesser value within the same county (Proposition 60), or to another county in California (Proposition 90). This parcel is owned by an individual and has a 1975 base year value. Another of such parcels transferred its base year value due to eminent domain. The remaining 50 parcels were purchased by the current owners at much earlier dates than other properties in Improvement Area No. 8C and as a result of the limitation of assessed valuation growth allowed under Article XIII A of the State Constitution, have lower assessed values.

* Preliminary, subject to change.

TABLE 3
BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
TAXING JURISDICTIONS IN AGGREGATE
ASSESSED VALUE-TO-LIEN RATIOS
FISCAL YEAR 2019-20

<i>Community Facilities District No. 93-1 Improvement Area</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2020-21 Special Tax Levy</i>	<i>Fiscal Year 2020-21 Assigned Special Tax</i>	<i>Fiscal Year 2019-20 Assessed Value</i>	<i>Percent of Fiscal Year 2019-20 Assessed Value</i>	<i>IA 8C Parity Bonds</i>	<i>IA 8C 2020 Bonds</i>	<i>Total Allocation of Outstanding Debt^{(1)*}</i>	<i>Percent of Bonds</i>	<i>Aggregate Value-to-Lien Ratio*</i>
Improvement Area 8C	686	\$1,512,792	\$1,774,073	\$221,672,729	63.5%	\$22,465,664	\$5,780,000	\$28,245,664	70.5%	7.85:1
Improvement Area 17B	<u>388</u>	<u>661,367</u>	<u>1,000,929</u>	<u>124,338,523</u>	36.5	--	--	<u>11,815,000</u>	29.5	<u>10.52:1</u>
Total	1,074	\$2,174,159	\$ 2,775,002	\$346,011,252	100.0%	\$22,465,664	\$5,780,000	\$40,060,664	100.0%	8.64:1

* Preliminary, subject to change.

⁽¹⁾ Outstanding debt for Improvement Area No. 8C includes the Improvement Area No. 8C 2017 Bonds, the Improvement Area No. 8C 2018 Bonds and the Improvement Area No. 8C 2020 Bonds.
 The outstanding debt for Improvement Area No. 17B includes the Improvement Area No. 17B Bonds.

Source: Webb Municipal Finance, LLC.

TABLE 4
BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
VALUE-TO-LIEN STRATIFICATION BASED ON
ASSESSED VALUE OF THE TAXING JURISDICTIONS IN THE AGGREGATE
FISCAL YEAR 2019-20*

<i>Assessed Value-to-Lien⁽¹⁾</i>	<i>No. of Parcels</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2020-21 Special Tax Levy⁽²⁾</i>	<i>Percent of Projected Fiscal Year 2020-21 Levy</i>	<i>Fiscal Year 2020-21 Assigned Special Tax</i>	<i>Percent of Assigned Special Tax</i>	<i>Fiscal Year 2019-20 Assessed Value</i>	<i>Percent of Fiscal Year 2019-20 Assessed Value</i>	<i>Allocation of Bonds⁽²⁾</i>	<i>Aggregate Value-to-Lien</i>
Less than 6.00:1 ⁽³⁾	53	4.93%	\$ 109,862	5.05%	\$ 127,219	4.63%	\$ 10,228,548	2.96 %	\$ 2,049,997	4.99:1
6.00:1 to 7.99:1	314	29.24	711,522	32.72	829,432	30.22	97,469,653	28.17	13,264,549	7.35:1
8.00:1 to 9.99:1	437	40.69	889,589	40.92	1,097,140	39.97	144,870,783	41.87	16,449,623	8.81:1
10.00:1 to 11.99:1	216	20.11	370,627	17.05	551,772	20.10	72,725,954	21.02	6,641,530	10.95:1
Greater than 11.99:1 ⁽⁴⁾	<u>54</u>	<u>5.03</u>	<u>92,559</u>	<u>4.26</u>	<u>139,439</u>	<u>5.08</u>	<u>20,716,314</u>	<u>5.99</u>	<u>1,654,965</u>	<u>12.52:1</u>
Total	1,074	100.00%	\$ 2,174,159	100.00%	\$ 2,745,001	100.00%	\$ 346,011,252	100.00%	\$40,060,664	8.64:1

* Preliminary, subject to change.

⁽¹⁾ Assessed Value-to-Lien based upon the principal amount of the Local Obligations.

⁽²⁾ Outstanding debt for Improvement Area No. 8C includes all of the Improvement Area No. 8C 2020 Bonds. The outstanding debt for Improvement Area No. 17B includes the Improvement Area No. 17B Bonds.

⁽³⁾ Minimum estimated Value-to-Lien is 0.63:1. See "INFORMATION REGARDING THE TAXING JURISDICTIONS—Improvement Area No. 8C—Value-to-Lien" in Appendix A hereto.

⁽⁴⁾ Maximum estimated Value-to-Lien is 14.62:1.

Source: Webb Municipal Finance, LLC.

The projected average effective tax rate for the parcels within the Taxing Jurisdictions ranges from approximately 1.99% to 2.14%.

Top Taxpayers within the Taxing Jurisdictions. No single individual owner owns more than three parcels within any one Taxing Jurisdiction, and no single taxpayer is projected to be responsible for more than 0.76% of Fiscal Year 2019-20 Special Taxes within any one Taxing Jurisdiction. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.”

Delinquencies. Special Taxes were levied against 1,074 parcels in the Taxing Jurisdictions in Fiscal Year 2019-20. As of May 31, 2020, fifteen of the property owners were delinquent in the payment of the Fiscal Year 2019-20 Special Tax levy. For the Special Tax levies, collections and delinquency rates for the last five fiscal years in each of the Taxing Jurisdictions see Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.”

The Local Obligations

The table below summarizes the final maturity dates of the Local Obligations and the principal amount of each Local Obligation. For a description of the total debt service on the Bonds provided by each Local Obligation, see Table 2 under the heading “THE BONDS – Estimated Debt Service Schedules: Bonds and Local Obligations” herein.

TABLE 5

**Beaumont Public Improvement Authority
Summary of the Local Obligations**

<i>District</i>	<i>Maturity Date (September 1)</i>	<i>Principal Amount*</i>
Improvement Area No. 8C	2042	\$ 5,780,000
Improvement Area No. 17B	2042	<u>11,815,000</u>
Total		\$ 17,595,000

* Preliminary, subject to change.

SPECIAL RISK FACTORS

The purchase of the Bonds involves significant risks and is not a suitable 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. 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 Taxing Jurisdictions to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the Taxing Jurisdictions to make full and punctual payments of debt service on the Local Obligations which comprise the Revenues available to pay 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 Taxing Jurisdictions. See “—Property Values” and “—Limited Secondary Market.”

Risks of Real Estate Secured Investments Generally

Because the timely payment of debt service on the Bonds will be dependent upon the timely payment of the Local Obligations and the timely payment of the Local Obligations will be dependent upon the timely payment of Special Taxes, which are secured ultimately by the Taxable Property within the Taxing Jurisdictions, 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 and around the vicinity of the Taxing Jurisdictions, 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; (iii) natural disasters (including, without limitation, earthquakes, wildfires, floods, drought and windstorms), which may result in uninsured losses; and (iv) adverse changes in local market conditions.

COVID-19 (Coronavirus) Pandemic

The spread of the novel strain of coronavirus called COVID-19 is having significant negative impacts throughout the world, including in the State, County and the City. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the County, State and the United States. The purposes behind these declarations are to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus. There have been confirmed cases of COVID-19 in the County, and confirmed cases of COVID-19 are growing throughout the State and health officials are expecting the number of confirmed cases to continue to grow.

On May 6, 2020, Governor Newsom issued Executive Order N-61-20 (the “Executive Order”), waiving penalties and interest on taxes on property on the secured or unsecured roll through May 6, 2021 under certain conditions, including: (i) the property is a residential property occupied by the taxpayer or the property is used for a small business, (ii) the taxes owed were not delinquent as of March 4, 2020, (iii) the taxpayer files for relief in a form prescribed by the applicable county tax collector, and (iv) the taxpayer demonstrates economic hardship to the satisfaction of the county tax collector. The Executive Order may have an effect on the collection of penalties and interest on delinquent amounts of the Special Tax and may otherwise affect a property owner’s willingness to pay the Special Tax when due.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate adverse impact of COVID-19 on the City, the Taxing Jurisdictions and homeowners’ willingness and ability to pay Special Tax when due, and the real estate market in general is unknown.

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.

The Bonds are Limited Obligations of the Authority

The Bonds are limited obligations of the Authority payable only from amounts pledged under the Indenture, which consist primarily of payments made to the Trustee on the Local Obligations and amounts in the Reserve Fund. Funds for the payment of the principal of and the interest on the Local Obligations are derived only from payments of Special Taxes. The amount of Special Taxes that are collected could be insufficient to pay principal of and interest on the Local Obligations due to non-payment of the Special Taxes levied or due to insufficient proceeds received from a judicial foreclosure sale of land within the Taxing Jurisdictions following delinquency. The District's legal obligation with respect to any delinquent Special Taxes is limited to the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which Special Taxes is delinquent. The Bonds cannot be accelerated in the event of any default.

Failure by owners of the parcels within the Taxing Jurisdictions to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the District to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Special Taxes levied against such parcels may result in the inability of the District to make full or timely payments of debt service on the Local Obligations, which may, in turn, result in the depletion of the Reserve Fund and the inability of the Authority to make full or timely payment on the Bonds.

No Obligation of the City

The Local Obligations and the interest thereon, and in turn, the Bonds, are not payable from the general funds of the City. Except with respect to the Special Taxes, neither the credit nor the taxing power of the District or the City is pledged for the payment of the Local Obligations or the interest thereon, and except to compel a levy of the Special Taxes securing the Local Obligations, 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 property of the City or the District. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or the District 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 Revenues and other amounts pledged under the Indenture.

No Cross-Collateralization Between Taxing Jurisdictions

The Local Obligations are not cross-collateralized. In other words, the Special Taxes from one Taxing Jurisdiction cannot be used directly to cover any shortfall in the payment of debt service on the Local Obligations of another Taxing Jurisdiction. However, all amounts in the Reserve Fund are available to pay debt service on the Bonds if the amounts in the Interest Account or the Principal Account of the Revenue Fund are insufficient to pay the principal of or interest on the Bonds when due. See the caption "SECURITY FOR THE BONDS — Reserve Fund."

Potential Early Redemption of Bonds from Prepayments or Other Sources

Property owners within the Taxing Jurisdictions are permitted to prepay their Special Taxes at any time. Such prepayments will result in a redemption of Local Obligations on the first March 1 or September 1 which is more than 30 days following the receipt of the prepayment. The proceeds of the Local Obligations so redeemed will then be used to make a mandatory redemption of the Bonds. The Bonds will be called on a pro rata basis from the proceeds of the Local Obligations redeemed from prepayments. Such mandatory redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See "THE BONDS — Redemption — *Special Redemption*."

Property Values

The value of property within the Taxing Jurisdictions is an important factor in evaluating the investment quality of the Bonds. In the event that a property owner defaults in the payment of Special Tax installment, a District's only remedy is to judicially foreclose on that property. Prospective purchasers of the Bonds should not assume that the property within the Taxing Jurisdictions could be sold for the assessed values or minimum market values described herein at a foreclosure sale for delinquent Special Tax installments or for an amount adequate to pay delinquent Special Tax installments.

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, increased or decreased annually by an amount determined by the Riverside County Assessor based on current market conditions, generally not to exceed an increase of more than 2% per fiscal year from the date of purchase (except in the case of new construction subsequent to such acquisition). No assurance can be given that a parcel could actually be sold for its assessed value.

The actual market value of the property is subject to future events such as downturn in the economy, occurrences of certain acts of nature and the decisions of various governmental agencies as to land use, all of which could adversely impact the value of the land in the Taxing Jurisdictions which is the security for the Local Obligations, which secure the Bonds. As discussed herein, many factors could adversely affect property values or prevent or delay further land development within the Taxing Jurisdictions.

Natural Disasters

[The land within the Taxing Jurisdictions, 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 Taxing Jurisdictions. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within the Taxing Jurisdictions is not located in an Alquist Priolo Earthquake Study Zone though it is located in close proximity to the San Andreas Fault. The Taxing Jurisdictions are 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 Taxing Jurisdictions 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 Taxing Jurisdictions and in the ability or willingness of property owners to pay Special Taxes.

Western Riverside County, in which the Taxing Jurisdictions are 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, none of the Taxing Jurisdictions are 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 Taxing Jurisdictions, and the coverage provided by such insurance typically insures against fire damage, although there is no assurance that homeowners within the Taxing Jurisdictions 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 Taxing Jurisdictions. 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 Taxing Jurisdictions 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 value of a parcel may be reduced as a result of the presence of a hazardous substance. 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 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 it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

None of the Authority, the District or the City has knowledge of any hazardous substances being located on the property within the Taxing Jurisdictions; however, such entities have not conducted any investigation with respect to hazardous substances within the Taxing Jurisdictions.

Parity Taxes and Special Assessments

Property within the Taxing Jurisdictions is subject to taxes and other charges levied by several other public agencies. See the discussion of direct and overlapping indebtedness under the heading Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.” Neither the Authority, the District nor the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the Taxing Jurisdictions.

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 the lien of all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general *ad valorem* 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. See “— Bankruptcy and Foreclosure” below.

None of the Authority, the District or 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 Taxing Jurisdictions. In addition, the landowners within the Taxing Jurisdictions may, without the consent or knowledge of the Authority, the District or the City, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* 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 property within the Taxing Jurisdictions described in this Official Statement.

Payment of the Special Tax is not a Personal Obligation of the 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 proceeds received from the sale of a taxable parcel following a Special Tax delinquency are not sufficient, taking into account other liens imposed by public agencies, to pay the full amount of the Special Tax delinquency, the District has no recourse against the owner of the parcel.

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax 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 City has caused a notice of the Special Tax that may be levied against the taxable parcels in each Taxing Jurisdiction to be recorded in the Office of the Recorder for the County. 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 Taxing Jurisdictions or lending of money thereon.

The Mello-Roos 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 Mello-Roos special tax 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 Mello-Roos Act, the Special Taxes, from which funds necessary for the payment of principal of and interest on the Local Obligations and, thus, the Bonds are derived, are customarily billed to the properties within the District on the *ad valorem* property tax bills sent by the County to owners of such properties. The Mello-Roos 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 the delinquency tables in Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS” for the delinquency history of each Taxing Jurisdiction over the last five Fiscal Years.

See “SECURITY FOR THE LOCAL OBLIGATIONS — Covenants of the District — *Commence Foreclosure Proceedings*,” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Local Obligation Bond Indentures, in the event of delinquencies in the payment of Special Taxes. See “— Bankruptcy and Foreclosure” below for a discussion of the policy of the Federal Deposit Insurance Corporation (the “FDIC”) regarding the payment of special taxes and assessment and limitations on the District’s ability to foreclose on the lien of the Special Taxes in certain circumstances.

The District has the authority and the obligation, subject to the Act and the maximum Special Tax rates set forth in each Rate and Method, to increase the levy of Special Taxes against non-delinquent property owners in the applicable Taxing Jurisdiction in the event other owners within such Taxing Jurisdiction are

delinquent. Pursuant to each Rate and Method, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Taxing Jurisdiction. Thus, the District may not be able to increase Special Tax levies in future fiscal years by enough to make up for delinquencies for prior fiscal years. This would result in draws on the Reserve Fund, and if delinquencies continue and in the aggregate exceed the Reserve Fund balance, defaults would occur in the payment of principal and interest on the Bonds.

Insufficiency of Special Taxes

Notwithstanding that the maximum Special Taxes that may be levied in the Taxing Jurisdictions exceeds debt service due on the Local Obligations, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation.

The Rate and Method of Apportionment of Special Tax governing the levy of the Special Taxes within each Taxing Jurisdiction expressly exempts up to a specified number of acres of property owned by public entities, homeowner associations, churches and other specified owners. If for any reason property within a Taxing Jurisdiction becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, another public agency or other organization determined to be exempt, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within such Taxing Jurisdiction. This could result in certain owners of 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 Mello-Roos Act provides that, if any property within a Taxing Jurisdiction 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 Mello-Roos 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 Mello-Roos Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within a Taxing Jurisdiction became 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 related Local Obligations when due, or if a substantial portion of land within a Taxing Jurisdiction became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Taxes which could be levied upon the remaining taxable property therein might not be sufficient to pay principal of and interest on the related Local Obligations when due, and in either case a default could occur with respect to the payment of such principal and interest, and, in turn, a default could occur in the payment of the principal and interest on the Bonds.

Moreover, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued within a Taxing Jurisdiction be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within such Taxing Jurisdiction. Thus, the District may not be able to increase Special Tax levies in a Taxing Jurisdiction in future fiscal years by enough to make up for delinquencies within such Taxing Jurisdiction for prior fiscal years. This may result in draws on the Reserve Fund, and if delinquencies continue and in the aggregate exceed the Reserve Fund balance, defaults would occur in the payment of principal and interest on the Bonds. See "SECURITY FOR THE LOCAL OBLIGATIONS — Special Taxes; Gross Special Taxes; Net Special Taxes."

Risks Associated with Bond Insurance

In the event that the Authority defaults in the payment of principal of or interest on the Bonds when due, the Owners of the Bonds will have a claim under the Policy for such payments. See the caption “BOND INSURANCE.” In the event that the Insurer becomes obligated to make payments on the Bonds, no assurance can be given that such event will not adversely affect the market for the Bonds. In the event that the Insurer is unable to make payments of principal of or interest on the Bonds when due under the Policy, the Bonds will be payable solely from Revenues and amounts that are held in certain funds and accounts established under the Indenture, as described under the caption “SECURITY FOR THE BONDS.”

The long-term credit rating on the Bonds is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer’s financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the Bonds. See the caption “MISCELLANEOUS—Rating.”

None of the Authority, the District, the City or the Underwriter has made an independent investigation of the claims-paying ability of the Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is being made by the Authority, the District, the City or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the Bonds, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Bonds, assuming that the Policy is not available to pay principal and interest on the Bonds, and the claims-paying ability of the Insurer through final maturity of the Bonds.

So long as the Policy remains in effect and the Insurer is not in default of its obligations thereunder, the Insurer has certain notice, consent and other rights under the Indenture and will have the right to control all remedies in the event of a default under the Indenture as to the Bonds. The Insurer is not required to obtain the consent of the Owners of the Bonds with respect to the exercise of remedies. See Appendix B.

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 Taxing Jurisdictions 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 Taxing Jurisdictions, 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 Taxing Jurisdictions 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 Taxing Jurisdictions 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

In the event of a delinquency in the payment of the Special Taxes, the District, under certain circumstances, is required to commence enforcement proceedings as described under the heading "SECURITY FOR THE LOCAL OBLIGATIONS — Covenants of the District." However, prosecution of such proceedings could be delayed due to crowded local court calendars, dilatory legal tactics, or bankruptcy. It is also possible that the District will be unable to realize proceeds in an amount sufficient to pay the applicable delinquency. Moreover, the ability of the District to commence and prosecute enforcement proceedings may be limited by bankruptcy, insolvency and other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940) and by the laws of the State relating to judicial and non-judicial foreclosure. Although bankruptcy proceedings would not cause the liens of the Special Taxes to become extinguished, the amount and priority of any Special Tax liens 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 the enforcement proceedings because federal bankruptcy laws provide for an automatic stay of foreclosure and tax sale proceedings. Any such delay could increase the likelihood of delay or default in payment of the principal of and interest on the Local Obligations, and the possibility of delinquent tax installments not being paid in full. The various legal opinions delivered in connection with the issuance of the Bonds, including Bond Counsel's approving legal opinion, are qualified as to the enforceability of the Bonds, the Indenture, the Local Obligations and the Local Obligation Bond Indentures by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public corporations such as the District.

Funds Invested in the County Investment Pool

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county. Following payment of the Special Taxes to the District and prior to payment by the District Trustee of debt service on the Local Obligations, such funds may be invested in the name of the City or the District for a period of time in the County investment pool. In the event of a petition of or the adjustment of County debts under Chapter 9 of the Federal Bankruptcy Code, a court might hold that the District and in turn the Authority and the Bond owners do not have a valid and/or prior lien on the Special Taxes or debt service payments on the Local Obligations where such amounts are deposited in the County investment pool and may not provide the Bond owners with a priority interest in such amounts. In that circumstance, unless the Bond owners could "trace" the funds that have been deposited in the County investment pool, the Bond owners would be unsecured (rather than secured) creditors of the County. There can be no assurance that the Bond owners could successfully so trace the Special Taxes or debt service payments.

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. Pursuant to the Indenture, an Owner of the Bonds is given the right for the equal benefit and protection of all owners similarly situated to pursue certain remedies described in Appendix B — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — SUMMARY OF AUTHORITY INDENTURE — EVENTS OF DEFAULT AND REMEDIES."

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 exclusion from gross income for federal income tax purposes 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 creditors' rights, by equitable principles, by the exercise of judicial discretion and by limitations on remedies against public agencies in the State. 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 of the Bonds.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS — Tax Matters," 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 Authority, the City or the District in violation of covenants in the Indenture or the Local Obligation Bond Indentures, respectively. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

A change in the tax status of the interest on the Bonds would likely affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is possible that subsequent to the issuance of the Bonds there might be federal, State, or local statutory changes (or judicial or regulatory interpretations of federal, State, or local law) that affect the federal, State, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur. See “LEGAL MATTERS — Tax Matters” below.

IRS Audit of Tax-Exempt Bond Issues

As discussed under “LEGAL MATTERS — Tax Matters,” 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.

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 Authority 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 “INTRODUCTION — Continuing Disclosure” and Appendix F — “FORM OF CONTINUING DISCLOSURE AGREEMENT.” 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 of California at the November 5, 1996 general election. The Initiative added Article XIIC and Article XIID 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 continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes available to the District to pay the principal of and interest on the Local Obligations as described below.

Among other things, Section 3 of Article XIII 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 Mello-Roos 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 Mello-Roos 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 Mello-Roos 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 August 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 XIIC 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 Local Obligations.

It may be possible, however, for voters or the City Council of the City, 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 Local Obligations, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. 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 Local Obligations. Nevertheless, to the maximum extent that the law permits it to do so, the District will covenant in each Local Obligation Bond Indenture executed by it that it will not initiate proceedings under the Mello-Roos Act to reduce the maximum Special Tax rates in a Taxing Jurisdiction below an amount equal to 110% of the debt service for the Local Obligations of such Taxing Jurisdiction in each Bond Year. The District also will covenant in each Local Obligation Bond Indenture executed by it that, in the event an initiative is adopted which purports to alter the Rate and Method of Apportionment of Special Tax for its Taxing Jurisdictions, 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 XIIC, 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 each of the Taxing Jurisdictions had less than 12 registered voters within each Taxing Jurisdiction at the time of the elections 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 elections in the Taxing Jurisdictions. 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. Voters within the Taxing Jurisdictions approved the Special Tax and the issuance of bonds years ago, and bonds issued on behalf of the Taxing Jurisdictions secured by the Special Taxes have been issued years ago. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, Bond Counsel is of the opinion that no successful challenge to the Special Tax being levied in accordance with the Rate and Methods may now be brought.

The interpretation and application of the Initiative will continue to 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."

Ballot Initiatives

Articles XIII A, XIII B, XIII C and XIII D, all of which placed certain limitations on the power of local agencies to tax, collect and expend revenues, 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. 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 the District to increase revenues or to increase appropriations or on the ability of the landowners within the Taxing Jurisdictions to complete proposed future development.

LEGAL MATTERS

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. Six (6) 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. City Attorney Joseph Sandy Aklufi pleaded not guilty and his trial has not yet commenced. 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 I, 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 issuing its audit for Fiscal Year 2016-17, the City is now in compliance with all 79 internal control elements.

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, interest with respect to the Bonds is exempt from State of California personal income tax. Interest on the Bonds is not excluded from gross income for federal income tax purposes.

With certain exceptions, 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 (to the extent that such issue price is lower than the stated redemption price at maturity) with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Beneficial Owner of a Bond will increase the Beneficial Owner's basis in the Bond.

The amount by which a Beneficial Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which a Beneficial Owner may elect to amortize under Section 171 of the Code; such amortizable Bond premium reduces the Beneficial Owner's basis in the applicable Bond (and the amount of taxable interest received), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. The Beneficial Owners of Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

In the event of a legal defeasance of a Bond, such Bond might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Beneficial Owner generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance and the Beneficial Owner's adjusted tax basis in such Bond.

See Appendix E — "FORM OF BOND COUNSEL OPINION" for a form of the opinion to be provided by Bond Counsel on the date of issuance of the Bonds.

Absence of Litigation

The Authority will certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity of the Bonds or the Local Obligations and that no action, suit or proceeding is known by the Authority to be pending that would restrain or enjoin the delivery of the Bonds or the Local Obligations, or contest or affect the validity of the Bonds or the Local Obligations or any proceedings of the Authority taken with respect to the Bonds or the Local Obligations. The District will also certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity the Local Obligations and that no action, suit or proceeding is known by the District to be pending that would restrain or enjoin the delivery of the Local Obligations, or contest or affect the validity of the Local Obligations or any proceedings of the District taken with respect to the Local Obligations.

Legal Opinion

Certain proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel for the Authority in connection with the issuance of the Bonds. The opinion of Bond Counsel approving the validity of the Bonds substantially in the form attached as Appendix E hereto will be attached to each Bond. Bond Counsel's employment is limited to a review of legal procedures required for the approval of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation. 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.

Payment of the fees of Bond Counsel, Disclosure Counsel, the Underwriter and Underwriter's Counsel is contingent upon issuance of the Bonds.

MISCELLANEOUS

Ratings

S&P is expected to assign the rating of “___” to the Bonds based upon the delivery of the Policy by the Insurer at the time of issuance of the Bonds. See “BOND INSURANCE” herein.

In addition, S&P is expected to assign its underlying rating of “___” to the Bonds, independent of the delivery of the Policy. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the City, the Authority or the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The Authority has covenanted in a Continuing Disclosure Agreement to file notices of any rating changes on the Bonds. See the caption “—Continuing Disclosure” and Appendix F. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the Authority and prior to the date the Authority is obligated to file a notice of rating change. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

None of the City, the Authority, the District or the Underwriter makes any representation as to the Insurer's creditworthiness or any representation that the Insurer's credit rating will be maintained in the future. The rating agencies have previously taken action to downgrade the ratings of certain municipal bond insurers and have published various releases outlining the processes that they intend to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to the rating agencies for additional information on the applicable rating agencies' evaluations of the financial guaranty industry and individual financial guarantors, including the Insurer. See the caption "BOND INSURANCE" for further information relating to the Insurer.

Verification of Mathematical Accuracy

Causey, Demgen & Moore, P.C., independent accountants, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the Underwriter, relating to the sufficiency of moneys and securities deposited into the Escrow Funds to pay, when due, the principal, whether at maturity or upon prior prepayment, interest and prepayment premium requirements of the Prior Improvement Area Bonds, the Prior 2011 Authority Bonds and the Prior 2012 Authority Bonds.

The report of Causey, Demgen & Moore, P.C., will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), at a purchase price of \$_____ (representing the par amount of the Bonds, less underwriter's discount of \$_____).

The purchase agreement relating to the Bonds among the Authority, the District and the Underwriter provides that all Bonds will be purchased if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in said purchase contract, including, but not limited to, the approval of certain legal matters by counsel.

Continuing Disclosure

The Authority will execute a continuing disclosure agreement by and between the Authority and Webb Municipal Finance, LLC, as Dissemination Agent, in the form attached hereto as Appendix F for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Authority and the Taxing Jurisdictions (the "Annual Report") and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The Annual Report will be filed by the Dissemination Agent with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board ("EMMA"). Notices of Listed Events will be filed by the Dissemination Agent with EMMA. The specific nature of the information to be included in the Annual Reports and the notices of Listed Events is set forth in Appendix F — "FORM OF DISTRICT CONTINUING DISCLOSURE AGREEMENT." The Continuing Disclosure Agreement will be executed and delivered by the Authority in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule"). The Annual Reports are to be filed by the Authority no later than the April 1 after the end of the Authority's fiscal year, which is currently June 30. The first Annual Report will be due April 1, 2021.

The City Council of the City serves as the governing board of the Authority and all of the City's community facilities districts. In connection with the SEC Order, the BFA conducted a review of

noncompliance with all existing continuing disclosure undertakings of the District 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 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 and statements of the reserve requirement, cash flow management fund requirement and rate stabilization fund requirement.

The BFA has caused the District 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.

It should be noted that the Authority is required to file certain financial statements with the Annual Reports. This requirement has been included in the Continuing Disclosure Agreement solely to satisfy the provisions of the Rule. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the Authority other than as described hereinabove. See “SECURITY FOR THE BONDS,” “SECURITY FOR THE LOCAL OBLIGATIONS” and “SPECIAL RISK FACTORS.” It should also be noted that the list of significant events which the Authority has agreed to report includes three items which have absolutely no application whatsoever to the Bonds. These items have been included in the list solely to satisfy the requirements of the Rule. Thus, any implication from the inclusion of these items in the list to the contrary notwithstanding, there are no credit or liquidity providers with respect to the Bonds.

The Continuing Disclosure Agreement will inure solely to the benefit of any Dissemination Agent, the Underwriter and Owners or Beneficial Owners from time to time of the Bonds. A default under the Continuing Disclosure Agreement is not a default under the Indenture and the sole remedy following a default is an action to compel specific performance by the Authority with the terms of the Continuing Disclosure Agreement.

Additional Information

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

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. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

By: _____
Executive Director

APPENDIX A

INFORMATION REGARDING THE TAXING JURISDICTIONS

Improvement Area No. 8C

Location and Description. Improvement Area No. 8C was formed by the City on June 6, 2006 and is located in the northeast portion of the City, southeast of the intersection of Oak Valley Parkway and Cherry Avenue. Improvement Area No. 8C consists of 689 individually owned detached single family residences. The Special Tax obligation for three of the 689 homes have been prepaid, leaving 686 taxable parcels within Improvement Area No. 8C. All 686 parcels are owned by individual homeowners. All 686 taxable parcels will be classified as Developed Property for the Fiscal Year 2020-21 Special Tax levy,

Assigned Special Taxes. Table A-1 below sets forth the Special Taxes that are projected to be levied on taxable property within Improvement Area No. 8C in Fiscal Year 2020-21. The Special Taxes in Improvement Area No. 8C may not be levied after Fiscal Year 2050-51. The final maturity of the Improvement Area No. 8C 2020 Bonds is September 1, 2042.

TABLE A-1

**IMPROVEMENT AREA NO. 8C
PROJECTED ASSIGNED SPECIAL TAXES
FISCAL YEAR 2020-21**

<i>Tax Class</i>	<i>Description</i>	<i>No. of Units</i>	<i>Assigned Special Tax Per Unit⁽¹⁾</i>	<i>Projected Fiscal Year 2020-21 Special Tax Per Unit</i>	<i>Total Projected Fiscal Year 2020-21 Special Tax Levy⁽²⁾</i>	<i>Percent of Total</i>
<u>Zone 1</u>						
1	Residential less than 1,901 sq. ft.	115	\$2,056	\$1,783	\$ 205,061	13.56%
2	Residential 1,901 sq. ft. 2,150 sq.ft.	49	2,222	1,927	94,440	6.24
3	Residential 2,151 sq.ft. to 2,650 sq. ft.	236	2,648	2,297	542,096	35.83
4	Residential 2,651 sq. ft. to 2,900 sq. ft.	55	2,884	2,502	137,604	9.10
5	Residential 2,901 sq. ft. to 3,150 sq. ft.	40	2,944	2,553	102,136	6.75
6	Residential 3,151 sq. ft. to 3,650 sq. ft.	46	3,059	2,653	122,036	8.07
7	Greater than 3,650 sq. ft.	35	3,408	2,956	103,469	6.84
8	Non-Residential Property	0	16,615	0	0	0.00
<u>Zone 2</u>						
1	Residential less than 1,901 sq. ft.	42	2,056	1,783	74,892	4.95
2	Residential 1,901 sq. ft. 2,150 sq.ft.	68	2,222	1,927	131,059	8.66
3	Residential 2,151 sq.ft. to 2,650 sq. ft.	0	2,648	0	0	0.00
4	Residential 2,651 sq. ft. to 2,900 sq. ft.	0	2,884	0	0	0.00
5	Residential 2,901 sq. ft. to 3,150 sq. ft.	0	2,944	0	0	0.00
6	Residential 3,151 sq. ft. to 3,650 sq. ft.	0	3,059	0	0	0.00
7	Greater than 3,650 sq. ft.	0	3,408	0	0	0.00
8	Non-Residential Property	0	26,301	0	0	0.00
Total		686			\$ 1,512,792	100.00%

(1) Special Tax is per acre for Non-Residential and Undeveloped Property.

(2) Levied in an amount sufficient to cover debt service on the Improvement Area No. 8C Bonds and pay Administrative Expenses of \$30,000.

Source: Webb Municipal Finance, LLC.

For the complete text of the Improvement Area No. 8C Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property (686 taxable parcels) in Improvement Area No. 8C, as established by the County Assessor for Fiscal Year 2019-20, which totals \$221,672,729.

Improvement Area No. 8C 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 Improvement Area No. 8C is shown in Table A-2 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 Improvement Area No. 8C; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within Improvement Area No. 8C, based on the Fiscal Year 2019-20 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within Improvement Area No. 8C, and assuming that the Improvement Area No. 8C 2020 Bonds have been issued to refund the Prior Improvement Area No. 8C Bonds, equals approximately 7.85-to-1*. This ratio does not include other overlapping debt within Improvement Area No. 8C. Taking that direct and overlapping debt into account, the ratio of the aggregate assessed value of the Taxable Property within Improvement Area No. 8C to the total principal amount of all direct and overlapping debt (including general obligation bonded debt) for Improvement Area No. 8C is approximately 6.49-to-1*.

* *Preliminary, subject to change.*

TABLE A-2
IMPROVEMENT AREA NO. 8C
DIRECT AND OVERLAPPING DEBT⁽¹⁾

I. ASSESSED VALUE						
Assessed Valuation ⁽¹⁾						\$ 221,672,729
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⁽²⁾</i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 8C	CFD	686	\$ 29,085,000	\$28,245,664	100.00%	\$ 28,245,664*
TOTAL OUTSTANDING LAND SECURED BONDED DEBT⁽³⁾						\$ 28,245,664*
<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>						
	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued⁽⁴⁾</i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 8C	CFD	686	\$ 30,000,000	\$ 0	100.00%	\$ 0
TOTAL UNISSUED LAND SECURED INDEBTEDNESS⁽⁴⁾						\$ 0
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS						\$ 28,245,664*
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⁽⁵⁾</i>	<i>Amount Applicable</i>
Beaumont Unified School B & I (0.074380%)	GO	686	\$ 91,658,583	\$ 82,562,937	3.50935%	\$ 2,897,423
MT San Jacinto Comm (0.01320%)	GO	686	190,000,000	164,385,000	0.23781	390,924
San Gorgonio Memorial Healthcare District (0.06990%)	GO	686	108,000,000	106,565,000	2.46194	2,623,568
San Gorgonio Pass Water Agency (0.17750%)	GO	686	0	0	2.28112	0
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT						\$ 5,911,915
<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⁽⁵⁾</i>	<i>Amount Applicable</i>
Beaumont Unified School B & I (0.074380%)	GO	686	\$ 141,000,000	\$ 49,341,417	3.50935 %	\$ 1,731,563
MT San Jacinto Comm (0.01320%)	GO	686	295,000,000	105,000,000	0.23781	249,701
San Gorgonio Memorial Healthcare District (0.06990%)	GO	686	108,000,000	0	2.46194	0
San Gorgonio Pass Water Agency (0.17750%)	GO	237	0	0	2.28112	0
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS						\$ 1,981,264
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS						\$ 7,893,179
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT						\$ 34,157,579*
TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS						\$ 36,138,843*
IV. Ratios to 2019-20 Assessed Valuation						
Outstanding Land Secured Bonded Debt		7.85:1*				
Total Outstanding Bonded Debt		6.49:1*				

* Preliminary, subject to change.

(1) Reflects Fiscal Year 2019-20 assessed value.

(2) Amount outstanding is equal to the outstanding principal amounts of the Improvement Area 8C Bonds, based on the preliminary principal amount of the Improvement Area 8C 2020 Bonds.

(3) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2019-20.

(4) Additional Bonds may be issued for refunding purposes only.

(5) Percentage applicable determined by Fiscal Year 2019-20 Equalized Roll Assessed Value information.

Source: Webb Municipal Finance, LLC.

Value-to-Lien. Construction of homes has been completed on all 689 parcels within Improvement Area No. 8C which have been transferred to individual homeowners. Three parcels have prepaid their Special Tax obligation. Table A-3 below allocates the Special Tax lien and share of the Improvement Area No. 8C Bonds based on the projected Fiscal Year 2020-21 Special Tax levy.

Table A-4 below sets forth the stratification of value-to-liens of the developed parcels within Improvement Area No. 8C based on Fiscal Year 2019-20 assessed value and each parcel's respective share of the principal amount of the Improvement Area No. 8C Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2020-21) and the ratio of the assessed value to its share of the Improvement Area No. 8C Bonds. The ratio of the value of an individual lot within Improvement Area No. 8C to its respective share of the principal amount of the Improvement Area No. 8C Bonds can be expected to vary.

As shown in Table A-4, 52 parcels have value-to-lien ratios below 6.00:1. One of such parcels has reduced assessed value due to Proposition 60/90, which allows property owners aged 55 and older to transfer the base year value of a sold home to a replacement home of equal or lesser value within the same county (Proposition 60), or to another county in California (Proposition 90). This parcel is owned by an individual and has a 1975 base year value. Another of such parcels transferred its base year value due to eminent domain. The remaining 50 parcels were purchased by the current owners at much earlier dates than other properties in Improvement Area No. 8C and as a result of the limitation of assessed valuation growth allowed under Article XIII A of the State Constitution, have lower assessed values.

TABLE A-3
IMPROVEMENT AREA NO. 8C
ESTIMATED VALUE-TO-LIEN RATIOS
ALLOCATED BY PROPERTY OWNER

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2020-21 Special Tax Levy⁽¹⁾</i>	<i>Percent of Projected Fiscal Year 2020-21 Levy</i>	<i>Fiscal Year 2020-21 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2019-20 Assessed Value</i>	<i>Percent of Fiscal Year 2019-20 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 8C 2020 Bonds*</i>	<i>Allocation of CFD 93-1 IA 8C 2018 Bonds</i>	<i>Allocation of CFD 93-1 IA 8C 2017 Bonds</i>	<i>Total Debt*</i>	<i>Aggregate Value-to-Lien Ratio^{(2)*}</i>
Individual Owner	2	\$ 4,799	0.32%	\$ 5,533	0.32%	\$ 619,266	0.28%	\$ 18,335	\$ 53,579	\$ 17,687	\$ 89,601	6.91:1
Individual Owner	2	4,481	0.30	5,166	0.30	718,208	0.32	17,120	50,026	16,515	83,661	8.58:1
Individual Owner	2	4,224	0.28	4,870	0.28	572,284	0.26	16,140	47,164	15,570	78,874	7.26:1
Individual Owner	2	4,224	0.28	4,870	0.28	547,537	0.25	16,140	47,164	15,570	78,874	6.94:1
Individual Owner	2	3,566	0.24	4,111	0.24	333,365	0.15	13,626	39,817	13,144	66,587	5.01:1
Individual Owner	1	2,956	0.20	3,408	0.20	525,982	0.24	11,295	33,006	10,896	55,197	9.53:1
Individual Owner	1	2,956	0.20	3,408	0.20	511,182	0.23	11,295	33,006	10,896	55,197	9.26:1
Individual Owner	1	2,956	0.20	3,408	0.20	505,726	0.23	11,295	33,006	10,896	55,197	9.16:1
Individual Owner	1	2,956	0.20	3,408	0.20	497,007	0.22	11,295	33,006	10,896	55,197	9.00:1
Individual Owner	1	2,956	0.20	3,408	0.20	481,257	0.22	11,295	33,006	10,896	55,197	8.72:1
All Others	671	1,476,717	97.62	1,702,481	97.62	216,360,915	97.60	5,642,163	16,487,220	5,442,700	27,572,083	7.85:1
Total	686	\$ 1,512,792	100.00%	\$ 1,744,073	100.00%	\$ 221,672,729	100.00%	\$ 5,780,000	\$ 16,890,000	\$ 5,575,664	\$ 28,245,664	7.85:1

* Preliminary, subject to change.

⁽¹⁾ Projected levy in an amount sufficient to pay debt service for the Improvement Area No. 8C Bonds and Administrative Expenses of \$30,000.

⁽²⁾ Aggregate Value-to-Lien based upon the par amount of the Improvement Area No. 8C Bonds.

Source: Webb Municipal Finance, LLC.

TABLE A-4
IMPROVEMENT AREA NO. 8C
VALUE-TO-LIEN STRATIFICATION

Assessed Value-to-Lien ⁽¹⁾	No. of Parcels	Percent of Total Parcels	Projected Fiscal Year 2020-21 Special Tax Levy ⁽²⁾	Percent of Projected Fiscal Year 2020-21 Levy	Fiscal Year 2020-21 Assigned Special Tax	Percent of Assigned Special Tax	Fiscal Year 2019-20 Assessed Value	Percent of Fiscal Year 2019-20 Assessed Value	Allocation of IA 8C 2020 Bonds*	Allocation of IA 8C 2018 Bonds	Allocation of IA 8C 2017 Bonds	Total Debt*	Aggregate Value-to-Lien*
Less than 6.00:1 ⁽³⁾	52	7.58%	\$ 108,306	7.16%	\$ 124,864	7.16%	\$ 10,073,927	4.54%	\$ 413,808	\$ 1,209,208	\$ 399,179	\$ 2,022,195	4.98:1
6.00:1 to 7.99:1	300	43.73	686,198	45.36	791,105	45.36	94,083,009	42.44	2,621,788	7,661,247	2,529,102	12,812,137	7.34:1
8.00:1 to 9.99:1	320	46.65	691,144	45.69	796,808	45.69	112,196,126	50.61	2,640,688	7,716,474	2,547,334	12,904,495	8.69:1
10.00:1 to 11.99:1	13	1.90	25,362	1.68	29,240	1.68	4,909,365	2.21	96,903	283,164	93,477	473,543	10.37:1
Greater than 11.99:1 ⁽⁴⁾	1	0.15	1,783	0.12	2,056	0.12	410,302	0.19	6,813	19,908	6,572	33,293	12.32:1
Total	686	100.00%	\$1,512,792	100.00%	\$ 1,744,073	100.00%	\$ 221,672,729	100.00%	\$ 5,780,000	\$16,890,000	\$ 5,575,664	\$28,245,664	7.85:1

* Preliminary, subject to change.

(1) Assessed Value-to-Lien based upon par amount of the Improvement Area No. 8C Bonds.

(2) Levied in an amount sufficient to pay debt service for the Improvement Area No. 8C Bonds and Administrative Expenses of \$30,000.

(3) Lowest estimated Value-to-Lien is 0.63:1. See "Value to Lien" above for a discussion of parcels with value to lien ratios below 6.00:1.

(4) Highest estimated Value-to-Lien is 12.32:1.

Source: Webb Municipal Finance, LLC.

Historical Assessed Values. The following table summarizes the historical and current assessed values within Improvement Area No. 8C over the past 5 Fiscal Years.

TABLE A-5
IMPROVEMENT AREA NO. 8C
HISTORIC ASSESSED VALUE

<i>Fiscal Year⁽¹⁾</i>	<i>Total Parcels⁽¹⁾</i>	<i>Land Assessed Value</i>	<i>Improvement Assessed Value</i>	<i>Total Property Assessed Value⁽²⁾</i>	<i>Increase/(Decrease) in Property Assessed Value</i>
2015-16	687	\$34,917,574	\$121,141,241	\$156,058,815	N/A
2016-17	687	37,366,970	163,525,376	200,892,346	28.73% ⁽⁴⁾
2017-18	687	37,902,308	170,194,564	208,096,872	3.59
2018-19	686 ⁽³⁾	38,217,876	177,209,479	215,427,355	3.52
2019-20	686	38,562,210	183,110,519	221,672,729	2.90

⁽¹⁾ There are a total of 689 parcels within Improvement Area No. 8C, three of which have prepaid their respective Special Tax obligation.

⁽²⁾ Net assessed values as of January 1 of each year from the County Assessor's Roll.

⁽³⁾ Decrease reflects prepayment of Special Tax obligation.

⁽⁴⁾ Increase primarily a result of additional development activity within Improvement Area No. 8C.

Sources: Webb Municipal Finance, LLC; County Assessor.

Effective Tax Rate. Based on the estimated Fiscal Year 2021-22 Special Tax levy, and Fiscal Year 2019-20 tax rates for all other taxing jurisdictions within Improvement Area No. 8C, the total estimated Fiscal Year 2019-20 average effective tax rate for Developed Property in Improvement Area No. 8C is approximately 2.14% of the Fiscal Year 2019-20 average assessed value for parcels with improvement value.

The following Table A-6 sets forth the estimated total tax obligation of property in Improvement Area No. 8C based on average assessed value of a parcel with a completed home (as provided by the County) in Improvement Area No. 8C.

TABLE A-6
IMPROVEMENT AREA NO. 8C
ESTIMATED AVERAGE FISCAL YEAR 2019-20 TAX OBLIGATION⁽¹⁾

Average Home Value ⁽²⁾	\$ 324,292
<i>Ad Valorem</i> Property Taxes:	
Basic Levy (1.0000%)	\$ 3,242.92
Beaumont Unified School B & I (0.07438%)	241.21
MT San Jacinto Comm (0.01320%)	42.81
San Gorgonio Memorial Healthcare District (0.06990%)	226.68
San Gorgonio Pass Water District (0.17750%)	<u>575.62</u>
Total General Property Taxes	\$ 4,329.23
Assessment, Special Taxes & Parcel Charges:	
FLD CNTRL STORMWATER/CLEANWATER	\$ 3.74
CFD 93-1 IA 8C CITY OF BEAUMONT ⁽³⁾	2,205.24
CFD 93-1 IA 8C SRV CITY OF BEAUMONT ⁽⁴⁾	358.42
SAN GORGONIO HOSPITAL MEASURE D	<u>56.70</u>
Total Assessment Charges	\$ 2,624.10
Average Total Property Tax	\$ 6,953.33
Average Effective Tax Rate	2.14%

(1) Average Fiscal Year 2019-20 tax rates based upon Fiscal Year 2019-20 overlapping taxes and assessment rates.

(2) Average Home Value is based upon average assessed values for Developed Property with improvement value for Fiscal Year 2019-20.

(3) Reflects Improvement Area No. 8C average projected Fiscal Year 2020-21 Special Tax levy for facilities for Developed Property with improvement assessed value.

(4) Reflects Improvement Area No. 8C average projected Fiscal Year 2020-21 special tax levy for services for Developed Property with improvement assessed value.

Source: Webb Municipal Finance, LLC; Assessed value information provided by the County.

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-7 below summarizes the Special Tax delinquencies within Improvement Area No. 8C for the past five Fiscal Years and as of May 31, 2020.

TABLE A-7
COMMUNITY FACILITIES DISTRICT NO. 93-1 IA 8C
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2015-16 THROUGH FISCAL YEAR 2019-20

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies Following Fiscal Year End</i>			<i>Delinquencies as of May 31, 2020</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2015-16	\$1,496,612.50	655	3	\$5,913.29	0.40%	0	\$ 0.00	0.00%
2016-17	1,613,148.04	687	2	3,951.96	0.24	0	0.00	0.00
2017-18	1,645,407.94	687	0	0.00	0.00	0	0.00	0.00
2018-19	1,526,980.66	686	2	3,477.84	0.23	1	2,318.56	0.15
2019-20	1,556,768.22	686	N/A	N/A	N/A	6	10,816.11	0.69

Source: Webb Municipal Finance, LLC.

Local Obligation Coverage. The following table shows the coverage on the Improvement Area No. 8C Bonds if Special Taxes were levied within Improvement Area No. 8C at the Assigned Special Tax rate and annual Administrative Expenses were \$30,000. The District does not expect to levy the Special Tax at the Assigned Special Tax rate and will levy the amount necessary to pay debt service on the Improvement Area No. 8C Bonds and Administrative Expenses.

Under the Act, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Taxing Jurisdiction. Thus, the District may not be able to increase Special Tax levies in future fiscal years by enough to make up for delinquencies for prior fiscal years.

TABLE A-8
IMPROVEMENT AREA NO. 8C BONDS
LOCAL OBLIGATION COVERAGE TABLE*

<i>Bond Year Ending September 1</i>	<i>Total Assigned Special Taxes⁽¹⁾</i>	<i>Annual Administrative Expenses⁽²⁾</i>	<i>Net Special Tax Revenues</i>	<i>IA No. 8C Bonds Debt Service⁽³⁾</i>	<i>Coverage on IA No. 8C Bonds⁽¹⁾⁽⁴⁾</i>
2021	\$1,778,954	\$30,000	\$1,748,954	\$1,482,792	117.95%
2022	1,814,533	30,000	1,784,533	1,513,059	117.94
2023	1,850,824	30,000	1,820,824	1,541,996	118.08
2024	1,887,840	30,000	1,857,840	1,573,559	118.07
2025	1,925,597	30,000	1,895,597	1,607,496	117.92
2026	1,964,109	30,000	1,934,109	1,643,496	117.68
2027	2,003,391	30,000	1,973,391	1,676,309	117.72
2028	2,043,459	30,000	2,013,459	1,714,497	117.44
2029	2,084,328	30,000	2,054,328	1,749,808	117.40
2030	2,126,015	30,000	2,096,015	1,787,184	117.28
2031	2,168,535	30,000	2,138,535	1,821,359	117.41
2032	2,211,906	30,000	2,181,906	1,862,634	117.14
2033	2,256,144	30,000	2,226,144	1,905,059	116.85
2034	2,301,267	30,000	2,271,267	1,904,003	119.29
2035	2,347,292	30,000	2,317,292	1,905,002	121.64
2036	2,394,238	30,000	2,364,238	1,903,540	124.20
2037	2,442,123	30,000	2,412,123	1,903,890	126.69
2038	2,490,965	30,000	2,460,965	1,906,452	129.09
2039	2,540,784	30,000	2,510,784	1,909,250	131.51
2040	2,591,600	30,000	2,561,600	1,904,375	134.51
2041	2,643,432	30,000	2,613,432	1,907,625	137.00
2042	2,696,301	30,000	2,666,301	1,903,500	140.07
2043	2,750,227	30,000	2,720,227	1,977,250	137.58
2044	2,805,231	30,000	2,775,231	1,978,500	140.27
2045	2,861,336	30,000	2,831,336	1,981,000	142.92
2046	2,918,563	30,000	2,888,563	1,979,500	145.92
2047	2,976,934	30,000	2,946,934	1,979,000	148.91
2048	3,036,472	30,000	3,006,472	1,979,250	151.90

* Preliminary, subject to change.

(1) Reflects estimated annual Assigned Special Taxes for 686 taxable units classified as Developed Property. Special Taxes will be levied only in an amount equal to debt service plus annual Administrative Expenses. Under the Act, under no circumstances will the Special Taxes levied against any Assessor's Parcel of Residential Property within Improvement Area No. 8C for which an occupancy permit for private residential use has been issued be increased by more than ten percent per fiscal year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within the Improvement Area.

(2) Priority Administrative Expenses are equal to \$30,000 per year.

(3) Reflects debt service on the Improvement Area No. 8C Bonds.

(4) Calculated by dividing the Net Special Tax Revenues column by the IA No. 8C Bonds Debt Service column.

Source: Webb Municipal Finance, LLC, except for debt service on the Improvement Area No. 8C Bonds, which was provided by the Underwriter.

Improvement Area No. 17B

Location and Description. Improvement Area No. 17B was formed by the City on November 21, 2006 and is located on north of Oak Valley Parkway, west of Desert Lawn Drive in the north-western portion of the City. Improvement Area No. 17B consists of 390 homes. The Special Tax obligation for two of the 390 homes have been prepaid, leaving 388 taxable parcels within Improvement Area No. 17B. The property in Improvement Area No. 17B is builtout with all homes owned by individuals. Improvement Area No. 17B is part of the master-planned community known as "Oak Valley."

Assigned Special Taxes. Table A-9 below sets forth the Special Taxes that are projected to be levied on taxable property within Improvement Area No. 17B in Fiscal Year 2020-21. The Special Taxes in Improvement Area No. 17B may not be levied after Fiscal Year 2050-51. The final maturity of the Improvement Area No. 17B Bonds is September 1, 2042.

**TABLE A-9
IMPROVEMENT AREA NO. 17B
PROJECTED ASSIGNED SPECIAL TAXES
FISCAL YEAR 2019-20**

<i>Tax Class</i>	<i>Description</i>	<i>No. of Units</i>	<i>Assigned Special Tax Per Unit⁽¹⁾</i>	<i>Projected Fiscal Year 2020-21 Special Tax Per Unit</i>	<i>Total Projected Fiscal Year 2020-21 Special Tax Levy⁽²⁾</i>	<i>Percent of Total</i>
1	Residential Less than 2,000 sq. ft.	122	\$ 2,355	\$1,556	\$ 189,863	28.71%
2	Residential 2,000 sq. ft. to 2,200 sq. ft.	69	2,523	1,667	115,021	17.39
3	Residential 2,201 sq. ft. to 2,400 sq.ft.	33	2,606	1,722	56,823	8.59
4	Residential 2,401 sq. ft. to 2,600 sq. ft.	21	2,648	1,750	36,746	5.56
5	Residential 2,601 sq. ft. to 2,800 sq. ft.	69	2,690	1,778	122,661	18.55
6	Residential 2,801 sq. ft. to 3,200 sq. ft.	68	2,774	1,833	124,619	18.84
7	Residential 3,201 sq. ft. to 3,600 sq. ft.	2	3,650	2,412	4,823	0.73
8	Residential greater than 3,600 sq. ft.	4	4,090	2,703	10,811	1.63
N/A	Non-Residential Zone A	0	17,911	0	0	0.00
N/A	Non-Residential Zone B	0	13,799	0	0	0.00
Total		388			\$ 661,367	100.00%

⁽¹⁾ Special Tax is per acre for Non-Residential Property.

⁽²⁾ Levied in an amount sufficient to cover debt service on the Improvement Area No. 17B Bonds and pay Administrative Expenses of \$30,000.

Source: Webb Municipal Finance, LLC.

For the complete text of the Improvement Area No. 17B Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in Improvement Area No. 17B, as established by the County Assessor for Fiscal Year 2019-20, which totals \$124,338,523.

Improvement Area No. 17B 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 Improvement Area No. 17B is shown in Table A-10 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 Improvement Area No. 17B; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within Improvement Area No. 17B, based on the Fiscal Year 2019-20 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within Improvement Area No. 17B, and assuming that the Improvement Area No. 17B Bonds have been issued to refund the Prior Improvement Area No. 17B Bonds, equals approximately 10.52-to-1*. This ratio does not include other overlapping debt within Improvement Area No. 17B. Taking that direct and

* Preliminary, subject to change.

overlapping debt into account, the ratio of the aggregate assessed value of the Taxable Property within Improvement Area No. 17B to the total principal amount of all direct and overlapping debt (including general obligation bonded debt) for Improvement Area No. 17B is approximately 8.22-to-1*.

TABLE A-10
IMPROVEMENT AREA NO. 17B
DIRECT AND OVERLAPPING DEBT

I. ASSESSED VALUE

Assessed Valuation ⁽¹⁾	\$ 124,338,523
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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⁽²⁾</i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 17B	CFD	388	\$ 12,145,000	\$ 11,815,000	100.00%	\$ 11,815,000*
TOTAL OUTSTANDING LAND SECURED BONDED DEBT⁽³⁾						\$ 11,815,000*

<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued⁽⁴⁾</i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 17B	CFD	388	\$ 25,000,000	\$ 0	100.00%	\$ 0
TOTAL UNISSUED LAND SECURED INDEBTEDNESS⁽³⁾						\$ 0

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS	\$ 11,815,000*
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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⁽⁵⁾</i>	<i>Amount Applicable</i>
Beaumont Unified School B & I (0.074380%)	GO	388	\$ 91,658,583	\$ 82,562,937	1.96843%	\$ 1,625,194
MT San Jacinto Comm (0.01320%)	GO	388	190,000,000	164,385,000	0.13339	219,273
San Gorgonio Memorial Healthcare District (0.06990%)	GO	388	108,000,000	106,565,000	1.38093	1,471,587
San Gorgonio Pass Water Agency (0.17750%) ⁽⁶⁾	GO	388	0	0	1.27951	0
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT						\$ 3,316,054

<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⁽⁵⁾</i>	<i>Amount Applicable</i>
Beaumont Unified School B & I (0.074380%)	GO	388	\$ 141,000,000	\$ 49,341,417	1.96843%	\$ 971,252
MT San Jacinto Comm (0.01320%)	GO	388	295,000,000	105,000,000	0.13339	140,060
San Gorgonio Memorial Healthcare District (0.06990%)	GO	388	108,000,000	0	1.38093	0
San Gorgonio Pass Water Agency (0.17750%) ⁽⁶⁾	GO	237	0	0	1.27951	0
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS						\$ 1,111,311

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS	\$ 4,427,366
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TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT⁽⁷⁾	\$ 15,131,054*
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TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS	\$ 16,242,366*
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IV. Ratios to 2019-20 Assessed Valuation

Outstanding Land Secured Bonded Debt	10.52:1*
Total Outstanding Bonded Debt	8.22:1*

* Preliminary, subject to change.

⁽¹⁾ Based on Fiscal Year 2019-20 assessed value.⁽²⁾ Amount outstanding is equal to the initial principal amount of the Improvement Area No. 17B Bonds.⁽³⁾ Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2019-20.⁽⁴⁾ Additional Bonds may be issued for refunding purposes only.⁽⁵⁾ Percentage applicable determined by Fiscal Year 2019-20 Equalized Roll Assessed Value information.

Source: Webb Municipal Finance, LLC.

Value-to-Lien. Home construction has been completed on all 388 taxable parcels within Improvement Area No. 17B which have been transferred to individual homeowners. Table A-11 below allocates the Special Tax lien and share of the Improvement Area No. 17B Bonds based on the projected Fiscal Year 2020-21 Special Tax levy.

Table A-12 below sets forth the stratification of value-to-liens of the developed parcels within Improvement Area No. 17B based on Fiscal Year 2019-20 assessed value and each parcel's respective share of the principal amount of the Improvement Area No. 17B Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2020-21) and the ratio of the assessed value to its share of the Improvement Area No. 17B Bonds. The ratio of the value of an individual lot within Improvement Area No. 17B to its respective share of the principal amount of the Improvement Area No. 17B Bonds can be expected to vary.

TABLE A-11
IMPROVEMENT AREA NO. 17B
ESTIMATED VALUE-TO-LIEN RATIOS
ALLOCATED BY PROPERTY OWNER

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2020-21 Special Tax Levy⁽¹⁾</i>	<i>Percent of Projected Fiscal Year 2020-21 Levy</i>	<i>Fiscal Year 2020-21 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2019-20 Assessed Value</i>	<i>Percent of Fiscal Year 2019-20 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 17B 2020 Bonds *</i>	<i>Aggregate Value-to-Lien Ratio^{(2)*}</i>
Individual Owner	3	\$ 5,028	0.76%	\$ 7,609	0.76%	\$ 1,015,396	0.82%	\$ 89,822	11.30:1
Individual Owner	1	2,703	0.41	4,090	0.41	428,480	0.34	48,283	8.87:1
Individual Owner	1	2,703	0.41	4,090	0.41	422,107	0.34	48,283	8.74:1
Individual Owner	1	2,703	0.41	4,090	0.41	380,942	0.31	48,283	7.89:1
Individual Owner	1	2,703	0.41	4,090	0.41	329,803	0.27	48,283	6.83:1
Individual Owner	1	2,412	0.36	3,650	0.36	397,495	0.32	43,081	9.23:1
Individual Owner	1	2,412	0.36	3,650	0.36	383,007	0.31	43,081	8.89:1
Individual Owner	1	1,833	0.28	2,774	0.28	478,584	0.38	32,739	14.62:1
Individual Owner	1	1,833	0.28	2,774	0.28	441,756	0.36	32,739	13.49:1
Individual Owner	1	1,833	0.28	2,774	0.28	436,340	0.35	32,739	13.33:1
All Others	<u>376</u>	<u>635,207</u>	<u>96.04</u>	<u>961,338</u>	<u>96.04</u>	<u>119,624,613</u>	<u>96.21</u>	<u>11,347,667</u>	<u>10.54:1</u>
Total	388	\$661,367	100.00%	\$1,000,929	100.00%	\$ 124,338,523	100.00%	\$ 11,815,000	10.52:1

* Preliminary, subject to change.

⁽¹⁾ Levied in an amount sufficient to pay debt service for the Improvement Area No. 17B Bonds and Administrative Expenses of \$30,000.

⁽²⁾ Aggregate Value-to-Lien based upon the par amount of the Improvement Area No. 17B Bonds.

Source: Webb Municipal Finance, LLC.

TABLE A-12
IMPROVEMENT AREA NO. 17B
VALUE-TO-LIEN STRATIFICATION

<i>Assessed Value-to-Lien⁽¹⁾</i>	<i>No. of Parcels</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2020-21 Special Tax Levy⁽²⁾</i>	<i>Percent of Projected Fiscal Year 2020-21 Levy</i>	<i>Fiscal Year 2020-21 Assigned Special Tax</i>	<i>Percent of Assigned Special Tax</i>	<i>Fiscal Year 2019-20 Assessed Value</i>	<i>Percent of Fiscal Year 2019-20 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 17B 2020 Bonds</i>	<i>Aggregate Value-to-Lien</i>
Less than 8.00:1 ⁽³⁾	15	3.87%	\$ 26,881	4.06%	\$ 40,682	4.06%	\$ 3,541,265	2.85%	\$ 480,214	7.37:1
8.00:1 to 9.99:1	117	30.15	198,445	30.01	300,332	30.01	32,674,657	26.28	3,545,128	9.22:1
10.00:1 to 11.99:1	203	52.32	345,265	52.20	522,532	52.20	67,816,589	54.54	6,167,987	10.99:1
Greater than 11.99:1 ⁽⁴⁾	<u>53</u>	<u>13.66</u>	<u>90,776</u>	<u>13.73</u>	<u>137,383</u>	<u>13.73</u>	<u>20,306,012</u>	<u>16.33</u>	<u>1,621,672</u>	12.52:1
Total	388	100.00%	\$ 661,367	100.00%	\$ 1,000,929	100.00%	\$ 124,338,523	100.00%	\$ 11,815,000	10.52:1

⁽¹⁾ Assessed Value-to-Lien based upon par amount of the Improvement Area No. 17B Bonds.

⁽²⁾ Levied in an amount sufficient to pay debt service for the Improvement Area No. 17B Bonds and Administrative Expenses of \$30,000.

⁽³⁾ Lowest estimated Value-to-Lien is 5.56:1.

⁽⁴⁾ Highest estimated Value-to-Lien is 14.62:1.

Source: Webb Municipal Finance, LLC.

Historical Assessed Values. The following table summarizes the historical and current assessed values within Improvement Area No. 17B over the past 5 Fiscal Years.

TABLE A-13

**IMPROVEMENT AREA NO. 17B
HISTORIC ASSESSED VALUE**

<i>Fiscal Year⁽¹⁾</i>	<i>Total Parcels</i>	<i>Land Assessed Value</i>	<i>Improvement Assessed Value</i>	<i>Total Property Assessed Value⁽²⁾</i>	<i>Increase/(Decrease) in Property Assessed Value</i>
2015-16	388	\$21,900,107	\$ 87,364,941	\$109,265,048	N/A
2016-17	388	22,282,405	90,950,792	113,233,197	3.63%
2017-18	388	22,551,379	93,919,358	116,470,737	2.86
2018-19	388	22,693,547	97,772,458	120,466,005	3.43
2019-20	388	22,972,007	101,366,516	124,338,523	3.21

⁽¹⁾ Webb Municipal Finance, LLC is unable to confirm the accuracy of all data for fiscal years prior to Fiscal Year 2015-16.

⁽²⁾ Net assessed values as of January 1 of each year from the County Assessor's Roll.

Sources: Webb Municipal Finance, LLC; County Assessor.

Effective Tax Rate. Based on the estimated Fiscal Year 2021-22 Special Tax levy, and Fiscal Year 2019-20 tax rates for all other taxing jurisdictions within Improvement Area No. 17B, the total estimated Fiscal Year 2019-20 average effective tax rate for Developed Property in Improvement Area No. 17B is approximately 1.99% of the Fiscal Year 2019-20 average assessed value for parcels with improvement value.

The following Table A-14 sets forth the estimated total tax obligation of property in Improvement Area No. 17B based on average assessed value of a parcel with a completed home (as provided by the County) in Improvement Area No. 17B.

TABLE A-14

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA 17B
ESTIMATED AVERAGE FISCAL YEAR 2019-20 TAX OBLIGATION⁽¹⁾
FOR PARCELS OF DEVELOPED PROPERTY**

Average Home Value ⁽²⁾	\$ 320,460
<i>Ad Valorem</i> Property Taxes:	
Basic Levy (1.0000%)	\$ 3,204.60
Beaumont Unified School B & I (0.07438%)	238.36
MT San Jacinto Comm (0.01320%)	42.30
San Gorgonio Memorial Healthcare District (0.06990%)	224.00
San Gorgonio Pass Water District (0.17750%)	<u>568.82</u>
Total General Property Taxes	\$ 4,278.08
Assessment, Special Taxes & Parcel Charges:	
FLD CNTRL STORMWATER/CLEANWATER	\$ 3.74
CFD 93-1 IA 17B CITY OF BEAUMONT ⁽³⁾	1,704.55
CFD 93-1 IA 17B SRV CITY OF BEAUMONT ⁽⁴⁾	349.12
SAN GORGONIO HOSPITAL MEASURE D	<u>56.70</u>
Total Assessment Charges	\$ 2,114.11
Average Total Property Tax	\$ 6,392.19
Average Effective Tax Rate	1.99%

⁽¹⁾ Average Fiscal Year 2019-20 tax rates based upon Fiscal Year 2019-20 overlapping taxes and assessment rates.
⁽²⁾ Average Home Value is based upon average assessed values for Developed Property with improvement value for Fiscal Year 2019-20.
⁽³⁾ Reflects Improvement Area No. 8C average projected Fiscal Year 2020-21 Special Tax levy for facilities for Developed Property with improvement assessed value.
⁽⁴⁾ Reflects Improvement Area No. 8C average projected Fiscal Year 2020-21 special tax levy for services for Developed Property with improvement assessed value.
 Source: Webb Municipal Finance, LLC; Assessed value information provided by the County.

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-15 below summarizes the Special Tax delinquencies within Improvement Area No. 17B for the past five Fiscal Years and as of May 31, 2020.

TABLE A-15
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1 IA 17B
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2015-16 THROUGH FISCAL YEAR 2019-20

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies Following Fiscal Year End</i>			<i>Delinquencies as of May 31, 2020</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2015-16	\$906,569.14	388	3	\$5,787.82	0.64%	0	\$ 0.00	0.00%
2016-17	924,700.12	388	3	5,124.64	0.55	1	1,281.16	0.14
2017-18	893,942.30	388	3	3,528.86	0.39	1	1,238.55	0.14
2018-19	866,334.06	388	4	8,951.38	1.03	0	0.00	0.00
2019-20 ⁽¹⁾	872,183.76	388	N/A	N/A	N/A	9	14,382.92	1.65

Source: Webb Municipal Finance, LLC.

Local Obligation Coverage. The following table shows the coverage on the Improvement Area No. 17B Bonds if Special Taxes were levied within Improvement Area No. 17B at the Assigned Special Tax rate and annual Administrative Expenses were \$30,000. The District does not expect to levy the Special Tax at the Assigned Special Tax rate and will levy the amount necessary to pay debt service on the Improvement Area No. 17B Bonds and Administrative Expenses.

Under the Act, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Taxing Jurisdiction. Thus, the District may not be able to increase Special Tax levies in future fiscal years by enough to make up for delinquencies for prior fiscal years.

TABLE A-16
IMPROVEMENT AREA NO. 17B BONDS
LOCAL OBLIGATION COVERAGE TABLE

<i>Bond Year Ending September 1</i>	<i>Total Assigned Special Taxes⁽¹⁾</i>	<i>Annual Administrative Expenses⁽²⁾</i>	<i>Net Special Tax Revenues</i>	<i>IA No. 17B Bonds Debt Service</i>	<i>Coverage on IA No. 17B Bonds⁽¹⁾⁽³⁾</i>
2021	\$1,020,947	\$30,000	\$ 990,947	\$ 631,367	156.95%
2022	1,041,366	30,000	1,011,366	650,063	155.58
2023	1,062,194	30,000	1,032,194	667,188	154.71
2024	1,083,438	30,000	1,053,438	683,375	154.15
2025	1,105,106	30,000	1,075,106	698,625	153.89
2026	1,127,208	30,000	1,097,208	717,938	152.83
2027	1,149,753	30,000	1,119,753	741,125	151.09
2028	1,172,748	30,000	1,142,748	758,000	150.76
2029	1,196,203	30,000	1,166,203	778,750	149.75
2030	1,220,127	30,000	1,190,127	803,188	148.18
2031	1,244,529	30,000	1,214,529	821,125	147.91
2032	1,269,420	30,000	1,239,420	837,750	147.95
2033	1,294,808	30,000	1,264,808	858,063	147.40
2034	1,320,704	30,000	1,290,704	881,875	146.36
2035	1,347,118	30,000	1,317,118	904,000	145.70
2036	1,374,061	30,000	1,344,061	924,438	145.39
2037	1,401,542	30,000	1,371,542	948,188	144.65
2038	1,429,573	30,000	1,399,573	975,063	143.54
2039	1,458,164	30,000	1,428,164	999,875	142.83
2040	1,487,328	30,000	1,457,328	1,027,625	141.82
2041	1,517,074	30,000	1,487,074	1,028,125	144.64
2042	1,547,416	30,000	1,517,416	1,032,313	146.99

⁽¹⁾ Reflects estimated annual Assigned Special Taxes for 146 units classified as Developed Property. Special Taxes will be levied only in an amount equal to 110% of debt service plus annual Administrative Expenses. Under the Act, under no circumstances will the Special Taxes levied against any Assessor's Parcel of Residential Property within Improvement Area No. 17B for which an occupancy permit for private residential use has been issued be increased by more than ten percent per fiscal year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within the Improvement Area.

⁽²⁾ Priority Administrative Expenses are equal to \$30,000 per year.

⁽³⁾ Calculated by dividing the Net Special Tax Revenues column by the IA No. 17B Bonds Debt Service column.

Source: Webb Municipal Finance, LLC, except for debt service on the Improvement Area No. 17B Bonds, which was provided by the Underwriter.

APPENDIX B**SUMMARY OF PRINCIPAL DOCUMENTS**

The following is a brief summary of certain provisions of the Indenture governing the terms of the Bonds and the form of Local Obligation Bond Indenture which is being separately executed by the District (on behalf of the Improvement Areas), each governing the terms of the Local Obligations. This summary includes only the provisions of the documents not already summarized in the Official Statement and does not purport to be complete and is qualified in its entirety by reference to said documents.

[TO COME]

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”).

[TO COME]

APPENDIX D

**RATES AND METHODS OF APPORTIONMENT
OF SPECIAL TAXES FOR
THE TAXING JURISDICTIONS**

**AMENDED AND RESTATED
RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 8C (SUNDANCE) OF
COMMUNITY FACILITIES DISTRICT NO. 93-1
OF THE CITY OF BEAUMONT**

A Special Tax as hereinafter defined shall be levied on and collected in Improvement Area No. 8C (“IA No. 8C”) of Community Facilities District No. 93-1 of the City of Beaumont (“CFD No. 93-1”) 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,” as described below. All of the real property in IA No. 8C of CFD No. 93-1, 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 art Assessor’s Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. 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 incurred by the City to carry out the administration of IA No. 8C of CFD No. 93-1 related to the determination of the amount of the 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 IA No. 8C, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 8C.

“**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. 93-1.

“**Assessor’s Parcel Map**” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

“**Assessor’s Parcel Number**” means that number assigned to an Assessor’s Parcel by the County for purposes of identification.

“**Assigned Special Tax for Facilities**” 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 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.

“**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.

“**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 and providing for the levy and collection of the Special Taxes.

“**CFD No. 93-1**” means Community Facilities District No. 93-1 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. 93-1, 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 that: (i) were issued Building Permits on or before June 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) were created on or before the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and that each such Assessor’s Parcel is associated with a Lot, as reasonably determined by the City.

“**Exempt Property**” means all Assessor’s Parcels designated as being exempt from Special Tax as determined in Section J.

“**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 all Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the January 1st 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 June 1st preceding the Fiscal Year in which the Special Tax is being levied.

“**Fiscal Year**” means the period commencing on July 1 of any year and ending the following June 30.

“**Improvement Area No 8C**” or “**IA No. 8C**” means Improvement Area No. 8C as depicted on the boundary map of CFD No. 93-1.

“Lot” means an individual legal lot created by a Final Map, identified by an Assessor’s Parcel Number 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 that can be levied by CFD No. 93-1 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 that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

“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.

“Operating Fund” means a fund that shall be maintained for IA No. 8C of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

“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 (i) the ratio of the actual Special Tax for Facilities levy to the applicable Assigned Special Tax for Facilities is equal for all applicable Assessor’s Parcels and (ii) the ratio of the actual Special Tax for Services levy to the applicable Maximum Special Tax for Services is equal for all applicable Assessor’s Parcels. In case of Developed Property subject to the apportionment of the Special Tax for Facilities under step four of Section F, “Proportionately” in step four means that the quotient of (a) the actual Special Tax for Facilities levy less the Assigned Special Tax for Facilities divided by (b) the Backup Special Tax for Facilities less the Assigned Special Tax for Facilities, is equal for all applicable Assessor’s 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.

“Service Area” means the landscape parkways, neighborhood park, easements and green belts within the boundaries of IA No. 8C and the City of Beaumont, and IA No. 8C’s fair share of storm drain and flood control facilities.

“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 by CFD No. 93-1 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. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

“Special Tax Requirement” means Special Tax Requirement for Facilities and Special Tax Requirement for Services.

“Special Tax Requirement for Facilities” means the amount required in any Fiscal Year for IA No. 8C 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, and (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 8C 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 amount 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 for IA No. 8C equal to (i) the budgeted costs of the maintenance, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 8C for the previous Fiscal Year, less (iv) the Operating Fund Balance.

“Taxable Property” means all Assessor’s Parcels within CFD No. 93-1 which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property or Final Map Property.

“Zone A” means a specific geographic area as depicted in Attachment No. 2 attached hereto.

“Zone B” means a specific geographic area as depicted in Attachment No. 2 attached hereto.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2006-2007, each Assessor’s Parcel within IA No. 8C 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 Table 1 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 for Facilities in Table 1 of Section D.
- b. Prior to the issuance of Bonds, the Assigned Special Tax for Facilities on Developed Property set forth in Table 1 and the Assigned Special Tax for Facilities on Final Map Property and Undeveloped Property set forth in Section D.2 may be reduced in accordance with, and subject to the conditions set forth in this paragraph. If it is reasonably determined by the CFD Administrator that the overlapping debt burden (as defined in the Statement of Goals and Policies for the Use of the Mello-Roos Community Facilities Act of 1982 adopted by the City

Council, the “Goals and Policies”) calculated pursuant to the Goals and Policies exceeds the City’s maximum level objective set forth in such document, the Maximum Special Tax for Facilities on Developed Property may be reduced (by modifying Table 1) to the amount necessary to satisfy the City’s objective with respect to the maximum overlapping debt burden level with the written consent of the CFD Administrator. In order to reduce the Maximum Special Tax for Facilities on Developed Property it may be necessary to reduce the Maximum Special Tax for Facilities for Final Map Property and Undeveloped Property. The reductions permitted pursuant to this paragraph shall be reflected in an amended Notice of Special Tax Lien which the City shall cause to be recorded by executing a certificate in substantially the form attached hereto as Attachment No. 1.

- c. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property that is classified as Developed Property for Fiscal Year 2006-2007 shall be \$265.90 per dwelling unit. The Maximum Special Tax for Services for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property for Fiscal Year 2006-2007 shall be \$1,649 per Acre. On each July 1, commencing July 1, 2007, 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

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Final Map Property shall be the Assigned Special Tax for Facilities in Section D.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel classified as Final Map Property in Fiscal Year 2006-2007 shall be \$1,649 per Acre. On each July 1, commencing July 1, 2007, 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.

3. Undeveloped Property

The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Undeveloped Property shall be the Assigned Special Tax for Facilities in Section D.

**SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES**

1. Developed Property

Each Fiscal Year, each Assessor’s Parcel of Developed Property shall be subject to an Assigned Special Tax for Facilities. The Assigned Special Tax for Facilities applicable to an Assessor’s Parcel of Developed Property within Zone A and Zone B for any Fiscal Year shall be determined pursuant to Table 1 below.

**TABLE 1
ASSIGNED SPECIAL TAX RATES FOR FACILITIES FOR DEVELOPED PROPERTY**

Land Use Type	Building Square Footage	Assigned Special Tax for Facilities for Fiscal Year 2006-2007
Residential Property	Less than 1,901	\$1,558 per dwelling unit
Residential Property	1,901 – 2,150	\$1,684 per dwelling unit
Residential Property	2,151 – 2,650	\$2,007 per dwelling unit
Residential Property	2,651 – 2,900	\$2,186 per dwelling unit
Residential Property	2,901 – 3,150	\$2,231 per dwelling unit
Residential Property	3,151 – 3,650	\$2,318 per dwelling unit
Residential Property	Greater than 3,650	\$2,583 per dwelling unit
Non-Residential Zone A	N/A	\$12,592 per Acre
Non-Residential Zone B	N/A	\$19,933 per Acre

2. Final Map Property and Undeveloped Property

Each Fiscal Year, each Assessor’s Parcel of Final Map Property and Undeveloped Property shall be subject to an Assigned Special Tax for Facilities. The Assigned Special Tax for Facilities for an Assessor’s Parcel classified as Final Map Property or Undeveloped Property for Fiscal Year 2006-2007 shall be \$12,592 per Acre for Zone A and \$19,933 per Acre for Zone B.

3. Increase in the Assigned Special Tax for Facilities

On each July 1, commencing on July 1, 2007, the Assigned Special Tax for Facilities for each Assessor’s Parcel of Developed Property, Final Map Property, and Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION E
BACKUP SPECIAL TAXES FOR FACILITIES**

Each Fiscal Year, 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 a Final Map 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 for the applicable Fiscal Year
- A = Acreage of Developed Property classified or to be classified as Residential Property in such Final Map.
- L = Lots in the Final Man which are classified or to be classified as Residential Property.

Each July 1, commencing on July 1, 2007, the Backup Special Tax for each Assessor’s Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Special Tax for Facilities for each Assessor's Parcel of Developed Property classified or to be classified as Residential Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage 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 City.
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 AND THE
SPECIAL TAX FOR SERVICES

1. Commencing Fiscal Year 2006-2007 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 8C 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 Table 1 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 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 2006-2007 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 8C until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:

Step One: The Maximum 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 Maximum 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.

Under no circumstances will the Special Tax for Facilities or the Special Tax for 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 CFD No. 93-1 by more than ten (10) percent of the Special Tax that would be levied in that Fiscal Year, if there were no delinquencies, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 93-1.

SECTION G PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following definitions apply to this Section G:

“CFD Public Facilities” means \$19,200,000 expressed in 2007 dollars, which shall increase by the Construction Inflation Index on January 1, 2008, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be 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. 93-1.

“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 Tax 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 the Maximum Special Tax 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. 93-1 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 Taxes for Facilities and the Backup Special Taxes 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 applicable to the Assessor’s Parcel 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 Assessor’s Parcels classified as Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities.
2. For each Assessor’s Parcel of Developed Property, Final Map Property, Undeveloped Property, or Undeveloped Property pursuant to Section J 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 City, 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 City.

3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by 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 to be redeemed with the proceeds of the Prepayment Amount until the earliest call 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 the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 93-1 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, 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:

$$PP = ((P_G - A) \times F) + A$$

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.
- A = the Administrative Fee calculated according to Section G.10.

With respect to any Assessor’s Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 93-1 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.

MANDATORY PARTIAL PREPAYMENT: Prior to the close of escrow for the first transfer of title of any Developed Parcel after the date on which a Certificate of Occupancy for such Parcel was issued by the City, the Maximum Special Tax shall be subject to mandatory partial prepayment in a amount necessary to bring the Total Property Tax Burden for the then-current Fiscal Year to an amount less than or equal to 2% of the sale price of the Parcel. The amount required shall be due and payable upon transfer of title. No prepayment shall be required if the Total Property Tax Burden is not in excess of the 2% limit. The Builder shall notify the City in writing of the mandatory partial prepayment requirement at least 30 days prior to close of escrow. The City shall calculate and determine the prepayment amount using the methodology for a partial prepayment herein, such that the partial prepayment shall be in the exact percentage required for a Total Property Tax Burden not in excess of the 2% limit.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property 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 Assessors' 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. 93-1 for uncollected Special Tax for Facilities associated with the levy of such Special Tax for Facilities, but not later than the 2050-2051 Fiscal Year. The Special Tax for Services shall be levied as long as it is 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 homeowner'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 all Taxable Property to less than 87.34 Acres for Zone A and 9.23 Acres for Zone B. 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 87.34 Acres for Zone A and 9.23 Acres for Zone B. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 87.34 Acres for Zone A and 9.23 Acres for Zone B 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. 93-1 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).

The City Council may interpret this IA No. 8C and the levy of Special Taxes for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the City Council shall be binding as to all persons.

**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. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 17B (TOURNAMENT HILLS) OF
COMMUNITY FACILITIES DISTRICT NO. 93-1
OF THE CITY OF BEAUMONT**

A Special Tax as hereinafter defined shall be levied on and collected in Improvement Area No. 17B (“IA No. 17B”) of Community Facilities District No. 93-1 of the City of Beaumont (“CFD No. 93-1”) 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,” as described below. All of the real property in IA No. 17B of CFD No. 93-1, 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. 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 incurred by the City to carry out the administration of IA No. 17B of CFD No. 93-1 related to the determination of the amount of the 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 IA No. 17B, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 17B.

“**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. 93-1.

“**Assessor’s Parcel Map**” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

“**Assessor’s Parcel Number**” means that number assigned to an Assessor’s Parcel by the County for purposes of identification.

“**Assigned Special Tax for Facilities**” 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 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.

“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.

“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 and providing for the levy and collection of the Special Taxes.

“CFD No. 93-1” means Community Facilities District No. 93-1 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. 93-1, 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 that: (i) were issued Building Permits on or before June 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) were created on or before the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and that each such Assessor’s Parcel is associated with a Lot, as reasonably determined by the City.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Tax as determined in Section J.

“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 all Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the June 1st 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 June 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Fiscal Year” means the period commencing on July 1 of any year and ending the following June 30.

“Improvement Area No. 17B” or “IA No. 17B” means Improvement Area No. 17B as depicted on the boundary map of CFD No. 93-1.

“Lot” means an individual legal lot created by a Final Map, identified by an Assessor’s Parcel Number 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 that can be levied by CFD No. 93-1 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 that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

“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.

“Operating Fund” means a fund that shall be maintained for IA No. 17B of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

“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 (i) the ratio of the actual Special Tax for Facilities levy to the applicable Assigned Special Tax for Facilities is equal for all applicable Assessor’s Parcels and (ii) the ratio of the actual Special Tax for Services levy to the applicable Maximum Special Tax for Services is equal for all applicable Assessor’s Parcels. In case of Developed Property subject to the apportionment of the Special Tax for Facilities under step four of Section F, “Proportionately” in step four means that the quotient of (a) the actual Special Tax for Facilities levy less the Assigned Special Tax for Facilities divided by (b) the Backup Special Tax for Facilities less the Assigned Special Tax for Facilities, is equal for all applicable Assessor’s 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.

“Service Area” means the landscape parkways, neighborhood and City parks, easements and green belts within the boundaries of IA No. 17B and the City of Beaumont, and IA No. 17B’s fair share of storm drain and flood control facilities.

“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 by CFD No. 93-1 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. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

“Special Tax Requirement” means Special Tax Requirement for Facilities and Special Tax Requirement for Services.

“Special Tax Requirement for Facilities” means the amount required in any Fiscal Year for IA No. 17B 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, and (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 17B 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 amount 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 for IA No. 17B equal to (i) the budgeted costs of the maintenance, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 17B for the previous Fiscal Year, less (iv) the Operating Fund Balance.

“Taxable Property” means all Assessor’s Parcels within CFD No. 93-1 which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property or Final Map Property.

“Zone A” means a specific geographic area designated as planning area 7, tract no. 31288-1, and as depicted on the Proposed Boundary Map.

“Zone B” means a specific geographic area designated as planning areas 8, 9, and 14, tracts 31288-2, -3, and -4, and as depicted on the Proposed Boundary Map.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2006-2007, each Assessor’s Parcel within IA No. 17B 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 Table 1 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 for Facilities in Table 1 of Section D.
- b. Prior to the issuance of Bonds, the Assigned Special Tax for Facilities on Developed Property set forth in Table 1 and the Assigned Special Tax for Facilities on Final Map Property and Undeveloped Property set forth in Section D.2 may be reduced in accordance with, and subject to the conditions set forth in this paragraph. If it is reasonably determined by the CFD Administrator that the overlapping debt burden (as defined in the Statement of Goals and Policies for the Use of the Mello-Roos Community Facilities Act of 1982 adopted by the City Council, the “Goals and Policies”) calculated pursuant to the Goals and Policies exceeds the City’s maximum level objective set forth in such document, the Maximum Special Tax for Facilities on Developed Property may be reduced (by modifying Table 1) to the amount necessary to satisfy the City’s objective with respect to the maximum overlapping debt burden level with the written consent of the CFD Administrator. In order to reduce the

Maximum Special Tax for Facilities on Developed Property it may be necessary to reduce the Maximum Special Tax for Facilities for Final Map Property and Undeveloped Property. The reductions permitted pursuant to this paragraph shall be reflected in an amended Notice of Special Tax Lien which the City shall cause to be recorded by executing a certificate in substantially the form attached hereto as Attachment No. 1.

- c. The Maximum Special Tax for Services for each Assessor's Parcel of Residential Property that is classified as Developed Property for Fiscal Year 2006-2007 shall be \$259 per dwelling unit. The Maximum Special Tax for Services for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property for Fiscal Year 2006-2007 shall be \$1,638 per Acre. On each July 1, commencing July 1, 2007, 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

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Final Map Property shall be the Assigned Special Tax for Facilities in Section D.
- b. The Maximum Special Tax for Services for each Assessor's Parcel classified as Final Map Property in Fiscal Year 2006-2007 shall be \$1,638 per Acre. On each July 1, commencing July 1, 2007, 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.

3. Undeveloped Property

The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax for Facilities in Section D.

**SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES**

1. Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax for Facilities. The Assigned Special Tax for Facilities applicable to an Assessor's Parcel of Developed Property within Zone A and Zone B for any Fiscal Year shall be determined pursuant to Table 1 below.

TABLE 1

ASSIGNED SPECIAL TAX RATES FOR FACILITIES FOR DEVELOPED PROPERTY

Land Use Type	Building Square Footage	Assigned Special Tax for Facilities for Fiscal Year 2006-2007
Residential Property	Less than 2,000	\$1,785 per dwelling unit
Residential Property	2,000 – 2,200	\$1,912 per dwelling unit
Residential Property	2,201 – 2,400	\$1,975 per dwelling unit
Residential Property	2,401 – 2,600	\$2,007 per dwelling unit
Residential Property	2,601 – 2,800	\$2,039 per dwelling unit
Residential Property	2,801 – 3,200	\$2,102 per dwelling unit
Residential Property	3,201 – 3,600	\$2,766 per dwelling unit
Residential Property	Greater than 3,600	\$3,100 per dwelling unit
Non-Residential Zone A	N/A	\$13,574 per Acre
Non-Residential Zone B	N/A	\$10,458 per Acre

2. Final Map Property and Undeveloped Property

Each Fiscal Year, each Assessor’s Parcel of Final Map Property and Undeveloped Property shall be subject to an Assigned Special Tax for Facilities. The Assigned Special Tax for Facilities for an Assessor’s Parcel classified as Final Map Property or Undeveloped Property for Fiscal Year 2006-2007 shall be \$13,574 per Acre for Zone A and \$10,458 per Acre for Zone B.

3. Increase in the Assigned Special Tax for Facilities

On each July 1, commencing on July 1, 2007, the Assigned Special Tax for Facilities for each Assessor’s Parcel of Developed Property, Non Residential Property, Final Map Property, and Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION E
BACKUP SPECIAL TAXES FOR FACILITIES**

Each Fiscal Year, 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 a Final Map 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 for the applicable Fiscal Year

A = Acreage of Developed Property classified or to be classified as Residential Property in such Final Map.

L = Lots in the Final Map which are classified or to be classified as Residential Property.

Each July 1, commencing on July 1, 2007, the Backup Special Tax for each Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Special Tax for Facilities for each Assessor's Parcel of Developed Property classified or to be classified as Residential Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage 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 City.
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 AND
THE SPECIAL TAX FOR SERVICES

1. Commencing Fiscal Year 2006-2007 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 17B 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 Table 1 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 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 2006-2007 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 17B until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:

Step One: The Maximum 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 Maximum 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.

Under no circumstances will the Special Tax for Facilities or the Special Tax for 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 CFD No. 93-1 by more than ten percent(10%) of the Special Tax that would be levied in that Fiscal Year, if there were no delinquencies, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 93-1.

SECTION G PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following definitions apply to this Section G:

"CFD Public Facilities" means \$12,00,000 expressed in 2006 dollars, which shall increase by the Construction Inflation Index on January 1, 2007, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be 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. 93-1.

"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 Tax 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 the Maximum Special Tax 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. 93-1 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 Taxes for Facilities and the Backup Special Taxes 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 applicable to the Assessor’s Parcel 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 Assessor’s Parcels classified as Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities.
2. For each Assessor’s Parcel of Developed Property, Final Map Property, Undeveloped Property, or Undeveloped Property pursuant to Section J 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 City, 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 City.

3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by 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 to be redeemed with the proceeds of the Prepayment Amount until the earliest call 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 the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 93-1 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, 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:

$$PP = ((P_G - A) \times F) + A$$

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.
- A = the Administrative Fee calculated according to Section G.10.

With respect to any Assessor’s Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 93-1 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 for shall cease.

MANDATORY PARTIAL PREPAYMENT: Prior to the close of escrow for the first transfer of title of any Developed Parcel after the date on which a Certificate of Occupancy for such Parcel was issued by the City, the Maximum Special Tax shall be subject to mandatory partial prepayment in a amount necessary to bring the Total Property Tax Burden for the then-current Fiscal Year to an amount less than or equal to 2% of the sale price of the Parcel. The amount required shall be due and payable upon transfer of title. No prepayment shall be required if the Total Property Tax Burden is not in excess of the 2% limit The Builder shall notify the City in writing of the mandatory partial prepayment requirement at least 30 days prior to close of escrow. The City shall calculate and determine the prepayment amount using the methodology for a partial prepayment herein, such that the partial prepayment shall be in the exact percentage required for a Total Property Tax Burden not in excess of the 2% limit

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property 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 Assessors’ 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. 93-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2050-2051 Fiscal Year. The Special Tax for Services

shall be levied as long as it is 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 homeowner'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 all Taxable Property to less than 17.48 Acres for Zone A and 55.54 Acres for Zone B. 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 17.48 Acres for Zone A and 55.54 Acres for Zone B. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 17.48 Acres for Zone A and 55.54 Acres for Zone B 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. 93-1 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).

The City Council may interpret this IA No. 17B and the levy of Special Taxes for the purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the City Council shall be binding as to all persons.

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. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

Attachment No. 1

**CITY OF BEAUMONT AND CFD NO. 93-1 IMPROVEMENT AREA 17B
CERTIFICATE**

1. Pursuant to Section ____ of the Rate and Method of Apportionment of Special Tax (the "RMA"), the City of Beaumont (the "City") and Community Facilities District No. 93-1 Improvement Area 17B of the City of Beaumont ("CFD No. 93-1 IA 17B") hereby agree to a reduction in the Maximum Special Tax for Facilities for Developed Property:
 - (a) The information in Table 1 relating to the Maximum Special Tax for Facilities for Developed Property and/or Undeveloped Property within CFD No. 93-1 IA 17B shall be modified as follows:

[insert Table 1 showing effective change to special tax rates and/or insert change to special tax rates for Undeveloped Property]
2. Table 1 may only be modified prior to the issuance of Bonds.
3. Upon execution of the Certificate by the City and CFD No. 93-1 IA 17B the City shall cause an amended Notice of Special Tax Lien to be recorded reflecting the modifications set forth herein.

By execution hereof, the undersigned acknowledges, on behalf of the City of Beaumont and CFD No. 93-1 IA 17B, receipt of this Certificate and modification of the RMA as set forth in this Certificate.

CITY OF BEAUMONT

By: _____ Date: _____
CFD Administrator

COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA 17B OF THE
CITY OF BEAUMONT

By: _____ Date: _____

APPENDIX E
FORM OF BOND COUNSEL OPINION

[TO COME]

APPENDIX F
FORM OF CONTINUING DISCLOSURE AGREEMENT

[TO COME]

APPENDIX G

DTC AND THE 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 Authority believes to be reliable, but the Authority 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 Authority which the Authority believes to be reliable, but the Authority and the Underwriters 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. Such website is not incorporated herein by such reference.

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 redemptions, 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 redeemed, 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.

APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

APPENDIX I
SECURITIES AND EXCHANGE COMMISSION ORDER

\$ _____
BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A (FEDERALLY TAXABLE)

BOND PURCHASE AGREEMENT

_____, 2020

Beaumont Public Improvement Authority
 550 East 6th Street
 Beaumont, California 92223

City of Beaumont Community Facilities District No. 93-1
 550 East 6th Street
 Beaumont, California 92223

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated, as underwriter (the “**Underwriter**”), offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with the Beaumont Public Improvement Authority (the “**Authority**”) and the City of Beaumont Community Facilities District No. 93-1 (the “**District**”), which Purchase Agreement will be binding upon the Authority, the District and the Underwriter upon the acceptance hereof by the Authority and the District. This offer is made subject to its acceptance by the Authority and the City of Beaumont (the “**City**”), for itself and on behalf of the District, by execution of this Purchase Agreement and its delivery hereof to the Underwriter on or before 11:59 p.m., California time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the Authority and the District at any time prior to the acceptance hereof by the Authority and the District. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture of Trust, dated as of July 1, 2020 (the “**Indenture**”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “**Trustee**”).

Each of the Authority and the District acknowledges and agrees that: (i) the purchase and sale of the Bonds (as defined below) pursuant to this Purchase Agreement is an arm’s-length commercial transaction among the Authority, the District, and the Underwriter; (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Authority or the District; (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Authority or the 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 Authority or the District on other matters), or (B) any other obligation to the Authority or the District except the obligations expressly set forth in this Purchase Agreement; and (iv) the Underwriter has financial interests that differ from those of the Authority and the District and the Authority and the District have consulted with their own legal and financial advisors to the extent they deemed appropriate in connection with the offering of the Bonds. Nothing in the foregoing paragraph is intended to limit the Underwriter’s obligations of fair dealing under MSRB Rule G-17 of the Municipal Securities Rulemaking Board (the “**MSRB**”).

The Authority acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the MSRB

and acknowledges that it has engaged Urban Futures, Inc. as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1) (the “**Municipal Advisor**”) and will rely solely on the Municipal Advisor for financial advice with respect to the Bonds.

1. Purchase and Sale.

(a) **Bonds.** Upon the terms and conditions and upon the basis of representations, warranties, and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$_____ aggregate principal amount of the Beaumont Public Improvement Authority Local Agency Refunding Bonds, Series 2020A (Federally Taxable) (the “**Bonds**”), at an aggregate purchase price of \$_____ (constituting the aggregate principal amount of the Bonds, less an Underwriter’s discount of \$_____). The Bonds shall be dated the Closing Date (as defined herein) and shall have the maturities and bear interest at the rates *per annum* as set forth in Appendix A-1 attached hereto.

(b) **Local Obligations.** Upon the terms and conditions and upon the basis of representations, warranties, and agreements hereinafter set forth:

(i) the Authority hereby agrees to purchase from the District and the District agrees to sell to the Authority all (but not less than all) of \$_____ aggregate principal amount of the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8C) 2020 Special Tax Refunding Bonds (the “**Improvement Area No. 8C Special Tax Refunding Bonds**”), at an aggregate purchase price of \$_____ (constituting the aggregate principal amount of the Improvement Area No. 8C Special Tax Refunding Bonds, less a purchase discount of \$_____), and

(ii) the Authority hereby agrees to purchase from the District and the District agrees to sell to the Authority all (but not less than all) of \$_____ aggregate principal amount of the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 17B) 2020 Special Tax Refunding Bonds (the “**Improvement Area No. 17B Special Tax Refunding Bonds**”), at an aggregate purchase price of \$_____ (constituting the aggregate principal amount of the Improvement Area No. 17B Special Tax Refunding Bonds, less a purchase discount of \$_____).

The Improvement Area No. 8C Special Tax Refunding Bonds and the Improvement Area No. 17B Special Tax Refunding Bonds are collectively referred to herein as the “Local Obligations.”

Each of the Local Obligations shall be dated the Closing Date and shall have the maturities and bear interest at the rates *per annum* as set forth in Appendices A-2 and A-3, respectively, attached hereto.

Payment for and delivery of the Bonds and the Local Obligations, and the other actions contemplated hereby, shall take place on _____, 2020, or such other date as may be agreed to between the Authority and the Underwriter (the “**Closing Date**”). The agreement of the Underwriter to purchase the Bonds is contingent upon the Authority purchasing from the District all of the Local

Obligations and the Authority, the City, and the District satisfying all of their respective obligations hereunder.

2. Authorization and Purpose. The Authority was formed pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “**JPA Act**”), and is authorized pursuant to Article 4 of the JPA Act (the “**Bond Law**”) to borrow money for the purpose of financing the acquisition of bonds, notes, and other obligations of the District to provide financing or refinancing for public capital improvements of the District. The Bonds shall be substantially in the form described in and shall be issued and secured under the provisions of, the Indenture. The Bonds shall be described in the Indenture and the Official Statement dated the date hereof relating to the Bonds (which, together with all appendices attached thereto and such amendments or supplements thereto that shall be approved by the Underwriter and the Authority, is hereinafter called the “**Official Statement**”).

The Local Obligations are being issued pursuant to 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**”), a resolution of the City, acting as the legislative body of the District, adopted on _____, 2020 (the “**CFD Authorizing Resolution**”) and two separate Bond Indentures, each dated as of July 1, 2020 (collectively, the “**Local Obligation Bond Indentures**”), each by and between the District and Wilmington Trust, National Association, as trustee (the “**District Trustee**”).

The Improvement Area No. 8C Special Tax Refunding Bonds are being issued by the District to refund the outstanding City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2012 Series A (Improvement Area No. 8C) (the “**Prior Improvement Area No. 8C Bonds**”). The Improvement Area No. 8C Special Tax Refunding Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 8C of the District (“**Improvement Area No. 8C**”).

The refunding of the Prior Improvement Area No. 8C Bonds will cause a simultaneous refunding of the Beaumont Financing Authority’s 2012 Local Agency Revenue Bonds, Series A (Improvement Area No. 8C) (the “**Prior 2012 Authority Bonds**”).

The Improvement Area No. 17B Special Tax Refunding Bonds are being issued by the District to refund the outstanding City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series A and 2011 Series B (Improvement Area No. 17B)) (the “**Prior Improvement Area No. 17B Bonds**,” and with the Prior Improvement Area No. 8C Bonds, the “**Prior Bonds**”). The Improvement Area No. 17B Special Tax Refunding Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 17B of the District (“**Improvement Area No. 17B**”).

The refunding of the Prior Improvement Area No. 17B Bonds will cause a simultaneous refunding of the Beaumont Financing Authority’s 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B) (the “**Prior 2011 Authority Bonds**”).

Improvement Area No. 8C and Improvement Area No. 17B are collectively referred to as the “**Taxing Jurisdictions**.”

Each of the Local Obligations are payable from the revenues generated by a special tax to be levied on the taxable real property within the related Taxing Jurisdiction (the “**Special Taxes**”).

pursuant to the applicable rate and method of apportionment of such Taxing Jurisdiction (together, the “**RMA**s”).

The net proceeds of the Local Obligations, along with other available funds, will be used to (i) make deposits into two separate escrow funds to be held by Wilmington Trust, National Association, as escrow agent (the “**Escrow Agent**”) pursuant to two separate Escrow Agreements, each dated as of July 1, 2020 (collectively, the “**Escrow Agreements**”) for the purpose of redeeming the Prior Bonds; (ii) purchase a municipal bond insurance policy (the “**Policy**”) issued by _____ (the “**Insurer**”) for the purpose of paying the principal of and interest on the Bonds when due; (iii) purchase a reserve policy issued by the Insurer to be credited to the Reserve Fund for the Bonds (the “**Reserve Policy**”); and (iv) pay the costs of issuing the Bonds.

This Purchase Agreement, the Local Obligation Bond Indentures, the Local Obligations, and the Escrow Agreements are collectively referred to herein as the “**CFD Documents**.”

This Purchase Agreement, the Indenture, the Escrow Agreement, the Bonds, and the Continuing Disclosure Agreement, dated as of the Closing Date (the “**Authority Continuing Disclosure Agreement**”), by and between the Authority and Webb Municipal Finance, LLC, as dissemination agent, are collectively referred to herein as the “**Authority Documents**.”

3. Public Offering. The Underwriter agrees to make a *bona fide* public offering of all the Bonds initially at the public offering prices (or yields) set forth on Appendix A-1 attached hereto and by this reference incorporated herein. 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 subject to Section 11 herein. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

4. Delivery of Official Statement. As soon as practicable, and no later than seven business days after its acceptance hereof, the Authority shall deliver to the Underwriter (i) one copy of the Official Statement, manually executed on behalf of the Authority by an authorized officer, and (ii) such reasonable number of certified or conformed copies of the Official Statement as the undersigned may request in order to comply with Rule 15c2-12 of the Securities and Exchange Commission (“**Rule 15c2-12**”), applicable Municipal Securities Rulemaking Board rules, and other regulatory requirements relating to the issuance and sale of the Bonds.

The Authority and the District hereby authorize the use of the Official Statement in connection with the public offering and sale of the Bonds. The Authority and the District also consent to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement of the Authority, dated _____, 2020, relating to the Bonds (which, together with all appendices thereto, is herein called the “**Preliminary Official Statement**”) in connection with the public offering of the Bonds. The Authority and the District, hereby ratify the use by the Underwriter of the Preliminary Official Statement, the Authority Documents, and any other documents or contracts to which the Authority or the District is a party, including this Purchase Agreement, and all information contained therein, and all other documents, certificates, and statements furnished by the Authority or the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement, or in connection with the offer and sale of the Bonds by the Underwriter.

Each of the Authority and the District represents that it has deemed the Preliminary Official Statement to be “final” as of its date within the meaning of Rule 15c2-12, except for the omission of

no more than the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, redemption provisions, and delivery dates, ratings, and any other matters permitted to be omitted under Rule 15c2-12, as evidenced by the execution by the Authority and the District, of certificates substantially in the forms of Appendix J and Appendix K, respectively, hereto. It is an express condition of the offer of the Underwriter made hereby that the Authority and the District deliver the Official Statement, in a form deemed by the Authority and the District, to be final, within seven business days of the date hereof; and the delivery of an Official Statement executed by an authorized representative of the Authority shall conclusively establish that the Authority and the District, deems the document so delivered to be final. A failure of the Authority or the District to comply with the requirements of the preceding sentence shall entitle the Underwriter to rescind its offer hereunder.

5. Authority Representations, Warranties, and Covenants. The Authority represents, warrants, and covenants to the Underwriter and the District that:

(a) Due Organization, Existence, and Authority of Authority. The Authority is a joint exercise of powers authority, duly organized and existing under the Constitution and laws of the State of California (the “**State**”), including the JPA Act, with full right, power, and authority to (i) enter into the Authority Documents, (ii) adopt, on _____, 2020, a resolution of authorization (the “**Authority Resolution**”) authorizing the issuance of the Bonds and entry into the Authority Documents and the taking of all other actions on the part of the Authority relating thereto (the “**Authority Proceedings**”), (iii) issue, sell, and deliver the Bonds to the Underwriter as provided herein, and (iv) carry out and consummate the transactions on its part contemplated by the Authority Documents, the Authority Resolution, and the Official Statement.

(b) Due Authorization and Approval of Authority. By all necessary official action of the Authority, the Authority has duly authorized and approved the execution and delivery by the Authority of, and the performance by the Authority of the obligations on its part contained in, the Authority Documents, and has approved the use by the Underwriter of the Preliminary Official Statement and the Official Statement and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified, or rescinded. When executed and delivered by the parties thereto, the Bonds and the other Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or affecting creditors’ rights generally. To the best of the Authority’s knowledge, the Authority has complied, and will at the Closing be in compliance in all respects, with the terms of the Authority Documents that are applicable to the Authority.

(c) Official Statement Accurate. The information in the Preliminary Official Statement (as of its date) and in the Official Statement (exclusive of information with respect to DTC, the book-entry only system, the City, the District, the CFD Authorizing Resolution, the CFD Proceedings (as defined herein), the CFD Documents described therein, and the RMAs) is, and at all times subsequent to the date of the Official Statement up to and including the Closing Date will be, 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. Prior to and upon delivery of the Bonds and up to and including 25 days after the End of the Underwriting Period (as defined in Section 5(d) below), the Official Statement will be amended and supplemented, at the expense of the Authority or the District, 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) Amendments and Supplements to Official Statement. Prior to and upon delivery of the Bonds and up to and including 25 days after the End of the Underwriting Period, the Authority 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 Authority 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 date of the Closing (as defined herein). Any notice delivered pursuant to this provision shall be written notice delivered to the Authority, the City, and the District at or prior to the Closing, and shall specify a date (other than the date of Closing) to be deemed the “End of the Underwriting Period.”

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

(f) No Litigation. 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 Authority) or, to the best knowledge of the Authority, threatened, in which any such Action (i) in any way questions the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices, (ii) affects, contests, or seeks to prohibit, restrain, or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Revenues 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 Authority Documents or the consummation of the transactions on the part of the Authority contemplated thereby, (iii) contests the exclusion of the interest on the Bonds from federal or state income taxation or contests the powers of the Authority that may result in any material adverse change relating to the financial condition of the Authority, 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 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 there will be no known basis for any action, suit, proceeding, inquiry, or investigation of the nature described in clauses (i) through (iv) of this sentence.

(g) Further Cooperation: Blue Sky. The Authority will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter and at the expense of the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds, provided; however, that the Authority will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

(h) Bonds Issued Per Indenture. The Bonds and the other Authority Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement. The Bonds, when issued, executed, and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be validly issued and outstanding limited obligations of the Authority, entitled to the benefits of the Indenture. The Indenture creates a valid pledge of the moneys in certain funds and accounts established pursuant to the Indenture, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

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

(j) No Other Obligations. Between the date of this Purchase Agreement and the Closing Date, the Authority will not offer or issue any bonds, notes, or other obligations for borrowed money not previously disclosed to the Underwriter.

(k) No Transfer Taxes. The issuance and sale of the Bonds is not subject to any transfer or other documentary stamp taxes of the State or any political subdivision thereof.

(l) Certificates. Any certificate signed by any authorized officer of the Authority and delivered to the Underwriter in connection with the issuance and sale of the Bonds shall be deemed to be a representation and covenant by the Authority to the Underwriter as to the statements made therein.

(m) Covenants and Cooperation. The Authority will faithfully perform and abide by all of its covenants and undertakings contained in the Authority Resolution and the Authority Documents, as the same may be amended from time to time, until such time as the Bonds have been paid in full or 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.

(n) Bond Proceeds. The Authority will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Preliminary Official Statement and Official Statement

(o) Continuing Disclosure. The Authority will undertake, pursuant to the Authority Continuing Disclosure Agreement, to provide annual reports and notices of certain events to certain information repositories. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. The Authority will promptly prepare and distribute, or cause to be prepared and distributed, all documents or reports as required now or in the future to be prepared and distributed pursuant to the Authority Continuing Disclosure Agreement. Except as disclosed in the Preliminary Official Statement, in the past five years, the Authority has never failed to comply, in any material respects, with any continuing disclosure undertaking previously entered into pursuant to the provisions of Rule 15c2-12.

6. *District Representations, Warranties, and Covenants.* The District represents, warrants, and covenants to the Authority and the Underwriter that:

(a) Due Organization, Existence, and Authority of the District. The District is a community facilities district duly organized and validly existing under the Act. The District has, and at the Closing Date will have, the requisite legal right, power, and authority (i) to enter into the CFD Documents (ii) to adopt the CFD Authorizing Resolution, and to take all other actions on the part of the District relating thereto (collectively, the “**CFD Proceedings**”), (iii) to levy the Special Taxes, and (iv) to carry out and consummate the transactions on its part contemplated by the CFD Documents, the CFD Authorizing Resolution and the Official Statement.

The Special Taxes have been duly and lawfully authorized and may be levied under the Act and, pursuant to the Act, the Special Taxes constitute a valid and legally binding lien on the properties upon which they have been levied.

(b) Due Authorization and Approval of CFD Documents. By all necessary official action, the City has, as the legislative body of the District, duly authorized and approved the adoption or execution and delivery by the District of, and the performance by the District of the obligations on each of their respective parts contained in, the CFD Authorizing Resolution and the CFD Documents, and has approved the use by the Underwriter of the Preliminary Official Statement and the Official Statement and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified, or rescinded. When executed and delivered by the parties thereto, the CFD Documents will constitute the legal, valid, and binding obligations of the District enforceable against the District in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or affecting creditors' rights generally. The District has complied and will at the Closing Date be in compliance in all respects, with the terms of the CFD Authorizing Resolution and the CFD Documents.

(c) Official Statement Accurate. The information with respect to the District, the Taxing Jurisdictions, the Local Obligations, the CFD Authorizing Resolution, the Act, the RMAs, the CFD Proceedings, and the CFD Documents in the Preliminary Official Statement (as of its date) and in the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing Date will be, 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.

(d) No Breach or Default. As of the time of acceptance hereof and as of the Closing Date, except as otherwise disclosed in the Official Statement, the District is not, nor will it be, in breach of or in default under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement, or other instrument to which the District is a party or is otherwise subject, and no event has occurred and is continuing that, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default, or event could have an adverse effect on the ability of the District to perform its respective obligations under the CFD Authorizing Resolution or the CFD Documents and, as of such times, except as disclosed in the Official Statement, the authorization, execution, and delivery of the CFD Documents and compliance by the District with the provisions of each of such agreements or instruments does not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement, or other instrument to which the District (or any of their respective officers) is subject, or by which it or any of its properties are bound, nor will any such authorization, execution, delivery, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation, or instrument, except as may be provided by the CFD Authorizing Resolution or the CFD Documents.

(e) No Litigation. At the time of acceptance hereof and as of the Closing Date, there is and will be no Action pending with respect to which the District has been served with

process or, to the best knowledge of the District, threatened, in which any such Action (i) questions the creation, organization, existence, authority, or powers of the District or the titles of the officers of the City or the District to their respective offices, (ii) affects, contests, or seeks to prohibit, restrain, or enjoin the issuance, sale, or delivery of any of the Local Obligations, the lien, the levy, or the collection of the Special Taxes, or the payment or collection of any amounts pledged or to be pledged to pay principal of, premium, if any, or interest on the Local Obligations, or in any way contests or affects the validity of the CFD Authorizing Resolution, or the CFD Documents or the consummation of the transactions on the part of the City or the District contemplated thereby or by the Official Statement, or contests the exclusion of the interest on the Local Obligations from federal or state income taxation, (iii) may result in any material adverse change relating to the financial condition of the City, 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 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 and as of the Closing Date, to the knowledge of the officer of the City executing this Purchase Agreement for the City and on behalf of the District, there is no basis for any action, suit, proceeding, inquiry, or investigation of the nature described in clauses (i) through (iv) of this sentence.

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

(g) No Other Obligations. Between the date of this Purchase Agreement and the Closing Date, the District will not offer or issue any bonds, notes, or other obligations for borrowed money not previously disclosed to the Underwriter.

(h) No Transfer Taxes. The issuance and sale of the Local Obligations are not subject to any transfer or other documentary stamp taxes of the State or any political subdivision thereof.

(i) Certificates. Any certificate signed by any authorized officer of the City, on behalf of the District, and delivered to the Underwriter in connection with the issuance and sale of the Bonds or the Local Obligations shall be deemed to be a representation and covenant by the District to the Underwriter as to the statements made therein.

(j) Covenants and Cooperation. The District will faithfully perform and abide by all of its covenants and undertakings contained in the CFD Authorizing Resolution and the CFD Documents, as the same may be amended from time to time, until such time as the Local Obligations have been paid in full or moneys have been set aside in an amount sufficient to pay all then outstanding Local Obligations at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any.

(k) Public Debt. Except as disclosed in the Official Statement, to the best of the City's knowledge and without investigation of any kind, no other public debt secured by the Special Taxes or any other tax or assessment levied by the District on the land in the Taxing Jurisdictions is in the process of being authorized and no assessment districts or community facilities districts have been or are in the process of being formed by the City that include any portion of the land within the Taxing Jurisdictions. All outstanding debt and all authorized but unissued debt of the City that is applicable to the property within the Taxing Jurisdictions is accurately described in the Official Statement.

(l) Local Obligation Proceeds. The District will apply the proceeds of the Local Obligations in accordance with the Local Obligation Bond Indentures and the Escrow Agreements, as applicable.

(m) Continuing Disclosure. In the past five years, except as otherwise disclosed in the Official Statement, neither the City nor the District has ever failed to comply, in any material respects, with any continuing disclosure undertaking previously entered into pursuant to the provisions of Rule 15c2-12.

7. The Closing. At 10:00 a.m., California time, on the Closing Date, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Authority and the Underwriter, (i) the Authority will deliver the Bonds in definitive form in New York, New York, or such other place as the Authority and the Underwriter shall mutually agree upon, and (ii) the District will deliver the closing documents hereinafter mentioned at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation ("**Bond Counsel**"), Newport Beach, California, or another place to be mutually agreed upon by the Authority and the Underwriter. The Underwriter will accept delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof in federal funds payable to the order of the Authority or its designee. These payments and deliveries, together with the delivery of the aforementioned documents, are herein called the "**Closing.**" The Bonds will be delivered in such denominations and deposited in the account or accounts specified by the Underwriter pursuant to written notice delivered not later than five business days prior to the Closing. The Bonds will be made available to the Underwriter for inspection and packaging not less than 72 hours prior to the Closing.

8. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and covenants herein and the performance by the Authority and the District of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following additional conditions:

(a) Bring-Down Representations. The representations and covenants of the Authority and the District contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing, (i) the Authority Documents and the CFD Documents shall be in full force and effect and shall not have been amended, modified, or supplemented except with the written consent of the Underwriter, (ii) there shall be in full force and effect such resolutions, including the Authority Resolution and the CFD Authorizing Resolution (collectively, the "**Resolutions**"), as, in the opinion of Bond Counsel, shall be necessary in connection with the

transactions on the part of the Authority, the City, or the District contemplated by the Official Statement, the Authority Documents, and the CFD Documents, (iii) the Authority or the District shall perform or have performed their respective obligations required or specified in the Authority Documents or the CFD Documents, as applicable, to be performed at or prior to Closing, and (iv) the Official Statement shall not have been supplemented or amended except as otherwise may have been agreed to in writing by the Underwriter.

(c) No Default. At the time of the Closing, no default shall have occurred or be existing under this Purchase Agreement, the Resolutions, the Authority Documents, or the CFD Documents, and none of the Authority and the District shall be in default in the payment of principal or interest on any of its bonded indebtedness which default shall adversely impact the ability of the Authority to make payment on the Bonds or the District to make payments on the Local Obligations.

(d) Closing Documents. At or prior to the Closing, the Underwriter shall have received each of the documents required under Section 9 below.

(e) Termination Events. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefor, by written notification to the Authority and the District if at any time at or prior to the Closing:

(i) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein; or

(ii) 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, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, as

contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(iii) Any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto; or

(iv) 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

(v) The declaration of a general banking moratorium by federal, New York or State authorities, or the general suspension of trading by the New York Stock Exchange, any national securities exchange, or any governmental authority securities exchange or a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(vi) Establishment of any new restrictions in securities materially affecting the free market for securities of the same nature as the Bonds (including the imposition of any limitations on interest rates) or the charge to the net capital requirements of the Underwriter established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order; or

(vii) The occurrence of an adverse event in the affairs of the Authority which, in the opinion of the Underwriter, materially impairs the investment quality of the Bonds; or

(viii) Any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Authority, its property, income or securities (or interest thereon), or the Authority to issue the Bonds and pledge the Revenues as contemplated by the Indenture and the Official Statement; or

(ix) There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(x) There shall have occurred since the date of this Purchase Agreement any materially adverse change in the affairs or financial position, results of operations or condition, financial or otherwise, of the Authority, other than changes in the ordinary course of business or activity or in the normal operation of the Authority, except as described in the Official Statement; or

(xi) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement, or results in the Preliminary Official Statement or the Official Statement containing any untrue statement of a material fact or omitting 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

(xii) Any proceeding shall have been commenced or be threatened in writing by the SEC against the Authority or the suspension by the SEC of trading in the outstanding securities of the Authority; or

(xiii) An Action shall have occurred as set forth in Section 5(f) and Section 6(e) which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(xiv) Any rating of the Bonds or other obligations of the Insurer by a national rating agency shall have been withdrawn or downgraded or placed on negative outlook or negative watch; or

(xv) Any rating of the Bonds or other obligations of the Authority by a national rating agency shall have been withdrawn or downgraded or placed on negative outlook or negative watch.

9. Closing Documents. At or prior to the Closing, the Underwriter shall receive the following documents:

(a) Bond Counsel Opinions. With respect to the Bonds, an approving opinion of Bond Counsel, dated the Closing Date and substantially in the form included as Appendix E to the Official Statement, and, with respect to each of the Local Obligations, an approving opinion of Bond Counsel, dated the Closing Date, substantially in the same form as the foregoing opinion, together with a letter or letters from such counsel, dated the Closing Date and addressed to the Underwriter and the Trustee, to the effect that such opinions addressed to the Authority or the District, as applicable, may be relied upon by the Underwriter and the Trustee to the same extent as if they were addressed to the Underwriter and the Trustee;

(b) Supplemental Opinion. One or more supplemental opinions of Bond Counsel, dated the Closing Date and addressed to the Underwriter, in form and substance acceptable to counsel for the Underwriter to the following effect:

(i) the Authority Documents have been duly authorized, executed, and delivered by the Authority and constitute legal, valid, and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting enforcement of creditors' rights, or by the application of equitable principles if equitable remedies are sought;

(ii) the CFD Documents have been duly authorized, executed, and delivered by the District, and constitute legal, valid, and binding obligations of the District, enforceable against the District, in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting enforcement of creditor's rights, or by the application of equitable principles if equitable remedies are sought;

(iii) the Bonds conform as to form and tenor to the descriptions thereof contained under the caption "THE BONDS" in the Official Statement, and the statements contained in the Official Statement under the captions "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "LEGAL MATTERS – Tax Matters," "APPENDIX B – SUMMARY OF PRINCIPAL DOCUMENTS," and "APPENDIX E – FORM OF BOND COUNSEL OPINION," insofar as such statements purport to summarize certain provisions of the JPA Act, the Bond Law, the Act, the Bonds, the Authority Documents, the Authority Resolution, the Authority Proceedings, the Local Obligations, the CFD Documents, the CFD Authorizing Resolution, the CFD Proceedings, or applicable provisions of the United States Internal Revenue Code of 1986, as amended are accurate in all material respects; and

(iv) none of the Bonds and the Local Obligations are subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(c) Defeasance Opinions. With respect to each respective series of Prior Authority Bonds, a defeasance opinion of Bond Counsel, dated the Closing Date, in form and substance acceptable to the Underwriter and its counsel;

(d) Opinion of Counsel to Authority. An opinion of City Attorney, as counsel to the Authority, dated the Closing Date and addressed to the Underwriter, the Trustee and the Authority, substantially in the form of Appendix B hereto;

(e) Opinion of City Attorney. An opinion of the City Attorney, as counsel to the District, dated the Closing Date and addressed to the Underwriter, the Trustee and the Authority, substantially in the form of Appendix C hereto;

(f) Opinion of Counsel to Trustee. One or more opinions of counsel to the Trustee, all dated the Closing Date and addressed to the Underwriter, substantially in the form of Appendix D hereto;

(g) Opinion of Counsel to Escrow Agent. One or more opinions of counsel to the Escrow Agent, all dated the Closing Date and addressed to the Underwriter, substantially in the form of opinion of counsel to the Trustee;

(h) Opinion of Counsel to Underwriter. An opinion of Kutak Rock LLP, Irvine, California, as counsel to the Underwriter ("**Underwriter's Counsel**"), dated the Closing Date and addressed to the Underwriter, concerning such matters as the Underwriter may request;

(i) Certificates of Authority. (i) A certificate of the Authority, dated the date of the Preliminary Official Statement, signed by a duly authorized representative of the Authority, substantially in the form of Appendix J hereto; and (ii) a certificate of the Authority, dated the Closing Date, signed by a duly authorized representative of the Authority, substantially in the form of Appendix E hereto;

(j) Certificates of District. (i) A certificate of the District, dated the date of the Preliminary Official Statement, signed by a duly authorized representative of the District, substantially in the form of Appendix K hereto; and (ii) a certificate of the District, dated the Closing Date, signed by a duly authorized representative of the District, substantially in the form of Appendix F hereto;

(k) Closing Certificate of the Trustee. A certificate of the Trustee, dated the Closing Date, substantially in the form of Appendix G hereto;

(l) Closing Certificate of the Escrow Agent. A certificate of the Escrow Agent, dated the Closing Date, substantially in the form of the certificate of the Trustee;

(m) Closing Certificate of Special Tax Consultant. A certificate of Webb Municipal Finance, LLC, as Special Tax Consultant (the “**Special Tax Consultant**”), dated the Closing Date, substantially in the form of Appendix H hereto;

(n) Closing Certificate of Municipal Advisor. A certificate of the Municipal Advisor, dated the Closing Date, substantially in the form of Appendix I hereto;

(o) Negative Assurance Letter of Disclosure Counsel to Authority. A letter from Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as disclosure counsel to the Authority, dated the Closing Date and addressed to the Underwriter, in form and substance acceptable to counsel for 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 Authority, the 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 view be expressed with respect to: (i) the expressions of opinion, the assumptions, the projections, estimates and forecasts, the charts, the financial statements or other financial, numerical, economic, demographic or statistical data, or assessed valuations contained in the Official Statement; (ii) any CUSIP numbers or information relating thereto; (iii) any information with respect to The Depository Trust Company and its book-entry system; (iv) any information contained in the appendices to the Official Statement (except Appendix A); (v) any information incorporated by reference into the Official Statement; (vi) any information with respect to the underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption “MISCELLANEOUS - Underwriting”; and (vii) information under the caption “LEGAL MATTERS - Absence Of Litigation”);

(p) CDIAC Statements. A copy of the filings made for the Bonds and each series of Local Obligations with the California Debt and Investment Advisory Commission in accordance with Sections 8855 and 53583, as applicable, of the California Government Code;

(q) Authority and CFD Documents. Fully executed copies of each of the Authority Documents and the CFD Documents;

(r) Official Statement. One copy of the Official Statement manually executed on behalf of the Authority by an authorized officer, and such reasonable number of certified or conformed copies of the foregoing as the Underwriter may request in order to comply with Rule 15c2-12, applicable Municipal Securities Rulemaking Board rules, and other regulatory requirements relating to the issuance and sale of the Bonds;

(s) Authority Resolutions. Copies certified by the Secretary of the Authority of each Resolution of the Authority relating to the Authority Documents, the transactions contemplated thereby, or the issuance of the Bonds and the Local Obligations;

(t) District Resolutions. Copies certified by the City Clerk of the City of each Resolution of the City or the District relating to the CFD Documents, the transactions contemplated thereby, or the issuance of the Bonds and the Local Obligations;

(u) Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing in connection with the Bonds and each series of Local Obligations;

(v) Verification Letters. One or more letters addressed to the Authority, the City, and the District, dated on or before the Closing Date, from Causey, Demgen & Moore, P.C. (the “**Verification Agent**”), relating to the sufficiency of moneys and securities deposited into the Escrow Funds to pay, when due, the principal, whether at maturity or upon prior prepayment, interest and prepayment premium requirements of the Prior Bonds, the Prior 2011 Authority Bonds and the Prior 2012 Authority Bonds;

(w) Additional Documents. Such additional legal opinions, certificates, instruments, and other documents as the Underwriter or its counsel may reasonably deem necessary; and

(x) Transcripts. Two (2) transcripts containing the documents listed in this Section, together with any other documents relating to the authorization and issuance of the Bonds.

If the Authority or the City shall be unable to satisfy the conditions contained in this Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and none of the Underwriter, the Authority, or the City shall be under further obligation hereunder, except as further set forth in Section 10 hereof.

10. *Costs and Expenses.*

(a) The Underwriter shall be under no obligation to pay, and the Authority or the District shall pay or cause to be paid from any legally available funds, the following expenses

incident to the issuance of the Bonds and performance of the obligations of the Authority and the District hereunder: (i) the costs of the preparation and printing of the Bonds and the Local Obligations; (ii) the fees and disbursements of Bond Counsel and Disclosure Counsel; (iii) the cost of preparation, printing, and mailing of the Preliminary Official Statement and Official Statement and any supplements and amendments thereto, including a reasonable number of copies thereof for distribution by the Underwriter; and (v) the fees and disbursements of accountants, advisers, and any other experts or consultants retained by the Authority or the District, including the fees and expenses of Trustee and the Escrow Agent and their respective counsels, the Municipal Advisor, the Special Tax Consultant and the Verification Agent.

(b) The Underwriter shall pay the following expenses: (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the CDIAC fee; (iii) the CUSIP Bureau fee; (iv) the fees and disbursements of Underwriter's Counsel; and (v) all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds, except as noted in Section 10(a) above. 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.

11. Notices. Any notice or other communication to be given to the Authority, the City, or the District under this Purchase Agreement may be given by delivering the same in writing to such entities at 550 East 6th Street, Beaumont, California 92223, Attention: Executive Director. 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 Stifel, Nicolaus & Company, Incorporated 515 South Figueroa Street, Suite 1800, Los Angeles CA 90071; Attention: Public Finance.

12. Entire Agreement. This Agreement is made solely for the benefit of the Authority, the District, and the Underwriter (including their respective successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties, and agreements of the Authority and the District contained in this Purchase Agreement shall remain operative and in full force and effect regardless of (i) any investigations made by or on behalf of the Underwriter, or (ii) delivery of any payment for the Bonds pursuant to this Purchase Agreement. The agreements contained in this Section and in Section 13 shall survive any termination of this Purchase Agreement.

13. Survival of Representations and Warranties. All representations and warranties of the parties made in, pursuant to, or in connection with this Purchase Agreement shall survive the execution and delivery of this Purchase Agreement, notwithstanding any investigation by the parties. All statements contained in any certificate, instrument, or other writing delivered by a party to this Purchase Agreement or in connection with the transactions contemplated by this Purchase Agreement constitute representations and warranties by such party under this Purchase Agreement.

14. No Assignment. The rights and obligations created by this Purchase Agreement shall not be subject to assignment by the Underwriter, the Authority, the City, or the District without the prior written consent of the other parties hereto.

15. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof.

16. Governing Law. The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State of California.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

17. **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.

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written:

BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

**CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 93-1**

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

APPENDIX A-1

\$ _____
**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A (FEDERALLY TAXABLE)**

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
20__				
20__				

⁽¹⁾ Insured Bond.

^(C) Priced to optional call at [par] on September 1, 20__.

APPENDIX A-2

**City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8C) 2020
Special Tax Refunding Bonds**

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
20__				
20__				

⁽¹⁾ Insured Bond.

^(C) Priced to optional call at [par] on September 1, 20__.

APPENDIX A-3

**City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 17B) 2020
Special Tax Refunding Bonds**

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
20__				
20__				

⁽¹⁾ Insured Bond.

^(C) Priced to optional call at [par] on September 1, 20__.

APPENDIX B

FORM OF OPINION OF COUNSEL TO AUTHORITY

[LETTERHEAD OF COUNSEL TO AUTHORITY]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Los Angeles, California

Wilmington Trust, National Association
Costa Mesa, California

Beaumont Public Improvement Authority
Beaumont, California

Re: Beaumont Public Improvement Authority
Local Agency Refunding Bonds, Series 2020A (Federally Taxable)

City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8C)
2020 Special Tax Refunding Bonds

City of Beaumont Community Facilities District No. 93-1 (Improvement Area No.
17B) 2020 Special Tax Refunding Bonds

Ladies and Gentlemen:

We have acted as general counsel to the Beaumont Public Improvement Authority (the “Authority”) in connection with the issuance by the Authority of its Local Agency Refunding Bonds, Series 2020A (Federally Taxable) (the “Bonds”). This opinion is provided pursuant to Section 9(d) of that certain Bond Purchase Agreement, dated _____, 2020 (the “Purchase Agreement”), by and among the Authority, City of Beaumont Community Facilities District No. 93-1 (the “District”), and Stifel, Nicolaus & Company, Incorporated, as underwriter. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.

1. The Authority is duly organized and validly existing as a joint powers authority under the laws of the State of California, with full legal power and authority to enter into the Authority Documents and to carry out the transactions contemplated under the Authority Documents.

2. The Authority Resolution was duly adopted at a meeting of the Board of Directors of the Authority, which meeting was 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 Authority Resolution is in full force and effect and has not been modified, amended, or rescinded as of the date hereof.

3. The Authority has full right and lawful authority to execute and deliver the Authority Documents and the Official Statement; the Authority Documents and the Official Statement have been duly authorized, executed, and delivered by the Authority and the Authority Documents are legal, valid, and binding obligations of the Authority, enforceable in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization,

moratorium, and other similar laws relating to or limiting creditors' rights generally and by the principles of equity if equitable remedies are sought.

4. The execution and delivery of the Authority Documents and the Official Statement and compliance by the Authority with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument applicable to or binding upon the Authority, or any existing law, regulation, court order, or consent decree to which the Authority is subject.

5. The Official Statement has been duly authorized by the Board of Directors of the Authority and executed on its behalf by an authorized officer of the Authority.

6. Except as stated in the Official Statement, there is no action, suit, proceeding, inquiry, or investigation before or by any court, public board, or body pending with respect to which the Authority has been served with process or, to our knowledge, threatened, wherein an unfavorable decision, ruling, or finding would: (a) affect the creation, organization, existence, or powers of the Authority, or the titles of its members and officers to their respective offices; (b) enjoin or restrain the issuance, sale, and delivery of the Bonds, the collection of the Revenues or the pledge thereof; (c) in any way question or affect any of the rights, powers, duties, or obligations of the Authority with respect to the Revenues or the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds; (d) in any way question or affect any authority for the issuance of the Bonds or the validity or enforceability of the Bonds; or (e) in any way question or affect the Authority Documents or the transactions contemplated by the Authority Documents, the Official Statement, or any activity regarding the Bonds.

Very truly yours,

APPENDIX C

FORM OF OPINION OF CITY ATTORNEY

[LETTERHEAD OF CITY ATTORNEY]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Los Angeles, California

Wilmington Trust, National Association
Costa Mesa, California

Beaumont Public Improvement Authority
Beaumont, California

Re: Beaumont Public Improvement Authority
Local Agency Refunding Bonds, Series 2020A (Federally Taxable)

City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8C) 2020 Special Tax Refunding Bonds

City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 17B) 2020 Special Tax Refunding Bonds

Ladies and Gentlemen:

I am City Attorney for the City of Beaumont, California (the “City”) and have acted in such capacity on behalf of City of Beaumont Community Facilities District No. 93-1 (the “District”) in connection with (i) the issuance by the Beaumont Public Improvement Authority (the “Authority”) of its Local Agency Refunding Bonds, Series 2020A (Federally Taxable), and (ii) the issuance by the District of its 2020 Special Tax Refunding Bonds captioned above (collectively, the “Local Obligations”). This opinion is provided pursuant to Section 9(e) of that certain Bond Purchase Agreement, dated _____, 2020 (the “Purchase Agreement”), by and among the Authority, the District, and Stifel, Nicolaus & Company, Incorporated, as underwriter. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Purchase Agreement.

1. The District is duly organized and validly existing as a community facilities district under and by virtue of the laws of the State of California, with full legal power and authority to enter into the CFD Documents and to carry out the transactions contemplated under the CFD Documents.

2. The resolutions adopted by the City Council of the City (the “City Council”) approving the execution and delivery of the Local Obligations and the CFD Documents, were 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 such resolutions are in full force and effect and have not been modified, amended, or rescinded as of the date hereof.

3. The Special Tax levied by District for each Taxing Jurisdiction constitutes a valid and legally binding lien on the properties upon which it has been levied.

4. The District has full right and lawful authority to execute and deliver the CFD Documents; the CFD Documents have been duly authorized, executed, and delivered by the District and the CFD Documents are legal, valid, and binding obligations of the District, enforceable in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws relating to or limiting creditors' rights generally and by the principles of equity if equitable remedies are sought.

5. The execution and delivery of the CFD Documents and compliance by the District with the provisions thereof, under the circumstances contemplated thereby, does not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument applicable to or binding upon the District, or any existing law, regulation, court order, or consent decree to which the District is subject.

6. Except as stated in the Official Statement, there is no action, suit, proceeding, inquiry, or investigation before or by any court, public board, or body pending with respect to which the District has been served with process or, to my knowledge, threatened, wherein an unfavorable decision, ruling, or finding would: (a) affect the creation, organization, existence, or powers of the District, or the titles of their respective officers or the City Council members to their respective offices; (b) enjoin or restrain the issuance, sale, and delivery of the Local Obligations, the lien, the levy, and the collection of the Special Taxes, or the pledge thereof; (c) in any way question or affect any of the rights, powers, duties, or obligations of the District with respect to the Special Taxes or the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Local Obligations; (d) in any way question or affect any authority for the issuance of the Local Obligations, the validity or enforceability of the Local Obligations, or the CFD Documents; or (e) in any way question or affect the transactions contemplated by the CFD Documents or the Official Statement.

7. Without having undertaken to determine independently the accuracy, completeness, or fairness of the information in the Official Statement with respect to the City, the District, the Act, the CFD Authorizing Resolution, the CFD Proceedings, the RMAs, the Prior Bonds, the Local Obligations, the Local Obligation Bond Indentures, and the Escrow Agreements, nothing has come to my attention as of the date of the Closing that would lead me to believe that such information (excluding therefrom any financial or statistical data and forecasts included therein, as to which no opinion is expressed) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Respectfully submitted,

APPENDIX D

FORM OF OPINION OF COUNSEL TO THE TRUSTEE

[LETTERHEAD OF TRUSTEE'S COUNSEL]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Los Angeles, California

Beaumont Public Improvement Authority
Beaumont, California

Re: Beaumont Public Improvement Authority
Local Agency Refunding Bonds, Series 2020A (Federally Taxable)

Ladies and Gentlemen:

I am a counsel to Wilmington Trust, National Association (“Wilmington Trust”) and I am delivering this opinion in connection with the execution and delivery of that certain (i) Indenture of Trust dated as of July 1, 2020, by and between the Beaumont Public Improvement Authority and Wilmington Trust, as trustee, and (ii) five separate Bond Indentures, each dated as of July 1, 2020, by and between the City of Beaumont Community Facilities District No. 93-1 and Wilmington Trust, as trustee (collectively, the “Agreements”). All capitalized terms used herein not otherwise defined shall be as defined in the Agreements.

In rendering the opinions set forth below, I have examined the originals, or copies certified to my satisfaction, of such agreements (including, without limitation, the Agreements), certificates and other statements of government officials and corporate officers of Wilmington Trust, documents and other papers as I deemed relevant and necessary as a basis for such opinion and have relied as to factual matters on representations, warranties and other statements therein. With respect to parties other than Wilmington Trust, in such examination, I have assumed the authenticity of all documents submitted to me as originals, the genuineness of all signatures, the legal capacity of natural persons and the conformity to the originals of all documents submitted to me as copies. In my examination of documents (including, without limitation, the Agreements) executed by parties other than Wilmington Trust, I have also assumed that, if the opinions set forth in paragraphs (1) through (4) below referred to such parties and such documents, such opinions would be true and correct with respect to such parties and such documents.

The opinions expressed herein are limited to the laws of the State of California and the Federal law of the United States, and I do not express any opinion herein concerning any other law.

Based upon the foregoing, I am of the opinion that:

(1) Wilmington Trust is a national banking association duly organized and validly existing under the laws of the jurisdiction of its organization and has the corporate power to execute and deliver the Agreements and any other documentation relating to the Agreements, and to perform its obligations under the Agreements.

(2) The execution and delivery by Wilmington Trust of the Agreements and any other documentation relating to the Agreements, and its performance of its obligations under the Agreements, have been and are as of the date hereof duly authorized by all necessary corporate action.

(3) No approval, authorization or other action by, or filing with, any governmental body or regulatory authority (which has not been obtained) is required in connection with the due execution, delivery and performance by Wilmington Trust of the Agreements.

(4) The Agreements have been duly executed and delivered and constitute the valid and legally binding obligations of Wilmington Trust enforceable against it in accordance with their terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought as a proceeding in equity or at law).

Respectfully submitted,

APPENDIX E

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A (FEDERALLY TAXABLE)**

CLOSING CERTIFICATE OF AUTHORITY

The undersigned, _____, Executive Director of the Beaumont Public Improvement Authority (the “Authority”), hereby certifies the following in connection with the issuance and sale of the Bonds and the Local Obligations:

1. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Bond Purchase Agreement, dated _____, 2020 (the “Purchase Agreement”), by and among the Authority, City of Beaumont Community Facilities District No. 93-1 (the “District”), and Stifel, Nicolaus & Company, Incorporated, as underwriter for the Bonds.

2. The representations and warranties of the Authority contained in the Purchase Agreement are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date.

3. The Authority Proceedings are in full force and effect and have not been amended, modified, or supplemented.

4. The Authority has complied with all agreements and covenants, and satisfied all conditions, on its part to be complied with or satisfied under the Purchase Agreement at or prior to the Closing.

5. Nothing has come to the attention of the Authority that would lead it to believe that the information in the Official Statement (exclusive of information with respect to DTC, the book-entry only system, the City, the District, the CFD Authorizing Resolution, the CFD Proceedings, the Prior Bonds, the Local Obligations, the RMAs, the Local Obligation Bond Indentures, and the Escrow Agreements) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstance under which they were made, not misleading.

6. No authorization, approval, consent, or other order of any governmental entity or regulatory authority having jurisdiction over the activities of the Authority that has not been obtained is or will be required for the valid authorization, execution, and delivery of the Authority Documents or the issuance of the Bonds by the Authority or the performance by the Authority of its obligations under the Authority Documents.

Dated: [Closing Date]

**BEAUMONT PUBLIC IMPROVEMENT
AUTHORITY**

By: _____

APPENDIX F

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A (FEDERALLY TAXABLE)**

CLOSING CERTIFICATE OF THE DISTRICT

The undersigned, on behalf of the City of Beaumont Community Facilities District No. 93-1 (the "District"), hereby makes the following certifications pursuant to Section 9(j) of the Bond Purchase Agreement, dated _____, 2020 (the "Purchase Agreement"), by and among Beaumont Public Improvement Authority, the District, and Stifel, Nicolaus & Company, Incorporated, as underwriter. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Purchase Agreement.

1. I am a duly authorized officer of the City and as such I am familiar with the facts herein certified and authorized and qualified to certify the same.

2. The representations and warranties of the District contained in the Purchase Agreement are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date.

3. The District has complied with all agreements and covenants, and satisfied all conditions, on its part to be complied with or satisfied under the Purchase Agreement at or prior to the Closing.

4. The CFD Proceedings are in full force and effect and have not been amended, modified, or supplemented.

5. The District has complied with all agreements and covenants, and satisfied all conditions, on its part to be complied with or satisfied under the Purchase Agreement at or prior to the Closing.

6. With respect to the discussion in the Official Statement, insofar as such discussion purports to summarize information concerning the City, the District, the Taxing Jurisdictions, the Act, the Local Obligations, the CFD Proceedings, the CFD Authorizing Resolution, the Prior Bonds, and the CFD Documents, nothing has come to the attention of the District that would leave it to believe that such discussion contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

7. No authorization, approval, consent, or other order of any governmental entity or regulatory authority having jurisdiction over the activities of the City or the District that has not been obtained is or will be required for the valid authorization, execution, and delivery of the CFD Documents by the District, the issuance of the Local Obligations, or the performance by the District, of its respective obligations under the CFD Documents.

Dated: [Closing Date]

City of Beaumont Community Facilities District
No. 93-1

By: _____

APPENDIX G**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A (FEDERALLY TAXABLE)****CLOSING CERTIFICATE OF
WILMINGTON TRUST, NATIONAL ASSOCIATION**

The undersigned, on behalf of and Wilmington Trust, National Association (“Wilmington Trust”), as Trustee under the Indenture and the Local Obligation Bond Indentures, hereby makes the following certifications pursuant to Section 9(k) of the Bond Purchase Agreement, dated _____, 2020 (the “Purchase Agreement”), by and among the Authority, the District, and Stifel, Nicolaus & Company, Incorporated, as underwriter. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Purchase Agreement.

1. I am a duly authorized officer of Wilmington Trust and as such I am familiar with the facts herein certified and authorized and qualified to certify the same.

2. Wilmington Trust has been duly organized and is validly existing and in good standing as a national banking association under the laws of the United States, with full corporate power to undertake its obligations under each of the Indenture and the Local Obligation Bond Indentures (collectively, the “Agreements”).

3. Wilmington Trust has duly authorized, executed, and delivered each of the Agreements and by all proper corporate action has authorized the acceptance of its respective obligations thereunder.

4. The Bonds have been validly authenticated and delivered by Wilmington Trust in accordance with the terms of the Indenture, and each series of the Local Obligations have been validly authenticated and delivered by Wilmington Trust in accordance with the terms of the respective Local Obligation Bond Indentures.

5. Pursuant to the Indenture, Wilmington Trust will apply the proceeds from the Bonds to the purposes specified in the Indenture.

6. Pursuant to the respective Local Obligation Bond Indentures, Wilmington Trust will apply the proceeds from the Local Obligations to the purposes specified in the respective Local Obligation Bond Indentures.

7. No authorization, approval, consent, or other order of any governmental entity or regulatory authority having jurisdiction over the banking and trust activities of Wilmington Trust that has not been obtained is or will be required for the valid authorization, execution, and delivery of the Agreements by Wilmington Trust or the performance by Wilmington Trust of its obligations under the Agreements.

8. To Wilmington Trust’s knowledge, the execution and delivery by Wilmington Trust of the Agreements, and compliance with the respective provisions thereof, will not conflict with or constitute a breach of or default under, Wilmington Trust’s duties or obligations under any law,

administrative regulation, court decree, resolution, articles of association, bylaws, material agreement, or material instrument applicable to or binding upon Wilmington Trust.

9. Wilmington Trust is duly authorized to accept the obligations created by the Agreements and to authenticate the Bonds pursuant to the terms of the Indenture and each series of the Local Obligations pursuant to the terms of the respective Local Obligation Bond Indentures, and Wilmington Trust has authenticated and delivered the Bonds in accordance with the terms of the Indenture and the Local Obligations in accordance with the terms of the respective Local Obligation Bond Indentures.

Dated: [Closing Date]

WILMINGTON TRUST, NATIONAL ASSOCIATION, as trustee and fiscal agent

By: _____
Authorized Signatory

APPENDIX H

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A (FEDERALLY TAXABLE)**

CLOSING CERTIFICATE OF SPECIAL TAX CONSULTANT

The undersigned, on behalf of Webb Municipal Finance, LLC (the “Special Tax Consultant”), hereby makes the following certifications pursuant to Section 9(m) of the Bond Purchase Agreement, dated _____, 2020 (the “Purchase Agreement”), by and among the Beaumont Public Improvement Authority, City of Beaumont Community Facilities District No. 93-1 (the “District”), and Stifel, Nicolaus & Company, Incorporated, as underwriter. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Purchase Agreement or the Official Statement related to the above-captioned bonds (the “Bonds”).

1. The undersigned is an authorized representative of the Special Tax Consultant and as such is familiar with the facts herein certified and is authorized and qualified to certify the same.

2. The Special Tax Consultant assisted the District in the administration of the RMAs, each as set forth in Appendix D to the Official Statement for the Bonds.

3. If the Improvement Area No. 8C Special Tax is levied and collected against the property within Improvement Area No. 8C in accordance with the Improvement Area No. 8C Rate and Method of Apportionment, such Improvement Area No. 8C Special Tax will annually yield sufficient revenue to make timely payments of the principal of and interest on the Improvement Area No. 8C Special Tax Refunding Bonds and to pay annual administrative expenses of the District related to the levy and collection of the Improvement Area No. 8C Special Tax.

4. If the Improvement Area No. 17B Special Tax is levied and collected against the property within Improvement Area No. 17B in accordance with the Improvement Area No. 17B Rate and Method of Apportionment, such Improvement Area No. 17B Special Tax will annually yield sufficient revenue to make timely payments of the principal of and interest on the Improvement Area No. 17B Special Tax Refunding Bonds and to pay annual administrative expenses of the District related to the levy and collection of the Improvement Area No. 17B Special Tax.

5. All information supplied by the Special Tax Consultant for use in the Official Statement, including without limitation, the information in Appendix D is true and correct in all material respects, and, as of the date of the Official Statement and as of the date hereof, the information contained in the Official Statement relating to the District, the Special Taxes, the RMAs, and any other data or information provided by the Special Tax Consultant and included in the Official Statement, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Dated: [Closing Date]

WEBB MUNICIPAL FINANCE, LLC

By: _____
Authorized Signatory

APPENDIX I

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A (FEDERALLY TAXABLE)**

CLOSING CERTIFICATE OF MUNICIPAL ADVISOR

The undersigned, on behalf of Urban Futures, Inc. (the “Municipal Advisor”), hereby makes the following certifications pursuant to Section 9(n) the Bond Purchase Agreement, dated _____, 2020 (the “Purchase Agreement”), by and among the Beaumont Public Improvement Authority, the City of Beaumont Community Facilities District No. 93-1 (the “District”), and Stifel, Nicolaus & Company, Incorporated, as underwriter. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Purchase Agreement.

1. The undersigned is an authorized officer of the Municipal Advisor, which acted as municipal advisor to the Authority and the City in connection with the issuance and sale of the Bonds and the Local Obligations, and as such is familiar with the facts herein certified and authorized and qualified to certify the same.

2. To the best of my knowledge, the Official Statement for the Bonds does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Dated: [Closing Date]

URBAN FUTURES, INC.

By: _____
Authorized Signatory

APPENDIX J

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A (FEDERALLY TAXABLE)**

**CERTIFICATE OF AUTHORITY REGARDING
PRELIMINARY OFFICIAL STATEMENT**

The undersigned hereby certifies and represents that he/she is the _____ of the Beaumont Public Improvement Authority (the “Authority”), and as such is duly authorized to execute and deliver this Certificate and further certifies and reconfirms on behalf of the Authority as follows:

1. This Certificate is delivered in connection with the offering and sale of the Beaumont Public Improvement Authority Local Agency Refunding Bonds, Series 2020A (Federally Taxable) (the “Bonds”), in order to enable the underwriter of the Bonds to comply with Rule 15c2-12, promulgated under the Securities Exchange Act of 1934 (the “Rule 15c2-12”).

2. In connection with the offering and sale of the Bonds there has been prepared a Preliminary Official Statement, dated _____, 2020, setting forth information concerning the Authority, the Bonds, City of Beaumont Community Facilities District No. 93-1, and other matters (the “Preliminary Official Statement”).

3. As used herein, “Permitted Omissions” shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, redemption provisions, delivery dates, ratings, and other terms of the Bonds depending on such matters, all with respect to the Bonds, and any other matters permitted under Rule 15c2-12.

4. The Preliminary Official Statement is, except for the Permitted Omissions, deemed final as of its date within the meaning of Rule 15c2-12.

Dated: [POS Date]

**BEAUMONT PUBLIC IMPROVEMENT
AUTHORITY**

By: _____

APPENDIX K

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS
SERIES 2020A (FEDERALLY TAXABLE)**

**CERTIFICATE OF CITY REGARDING
PRELIMINARY OFFICIAL STATEMENT**

The undersigned hereby certifies and represents that he/she is the _____ of the City of Beaumont, California, and as such is duly authorized to execute and deliver this Certificate and further certifies and reconfirms on behalf of the City of Beaumont Community Facilities District No. 93-1 (the "District") as follows:

1. This Certificate is delivered in connection with the offering and sale of the Beaumont Public Improvement Authority Local Agency Refunding Bonds, Series 2020A (Federally Taxable) (the "Bonds"), in order to enable the underwriter of the Bonds to comply with Rule 15c2-12, promulgated under the Securities Exchange Act of 1934 (the "Rule 15c2-12").

2. In connection with the offering and sale of the Bonds there has been prepared a Preliminary Official Statement, dated _____, 2020, setting forth information concerning the Bonds, the District, and other matters (the "Preliminary Official Statement").

3. As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, redemption provisions, delivery dates, ratings, and other terms of the Bonds depending on such matters, all with respect to the Bonds, and any other matters permitted under Rule 15c2-12.

4. The Preliminary Official Statement is, except for the Permitted Omissions, deemed final as of its date within the meaning of Rule 15c2-12.

Dated: [POS Date]

City of Beaumont Community Facilities District
No. 93-1

By: _____

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of July 1, 2020, is executed and delivered by the BEAUMONT PUBLIC IMPROVEMENT AUTHORITY (the “Issuer”), and WEBB MUNICIPAL FINANCE, LLC, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$_____ aggregate principal amount the Beaumont Public Improvement Authority Local Agency Refunding Bonds, Series 2020A (Federally Taxable) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2020 (the “Indenture”), by and between Wilmington Trust, National Association, as trustee (the “Trustee”), and the Issuer. The proceeds of the Bonds will be used to acquire the District Bonds (as defined below). The Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating 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 Agreement 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 Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“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.

“Disclosure Representative” shall mean the Executive Director of the Issuer, or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean WEBB Municipal Finance, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Issuer a written acceptance of such designation.

“District” shall mean the City of Beaumont Community Facilities District No. 93-1.

“District Bonds” shall mean, collectively, the following:

- (c) City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8C) 2020 Special Tax Refunding Bonds, and
- (b) City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 17B) 2020 Special Tax Refunding Bonds.

“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 Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 and any successor entity designated under the Rule as the repository for filings made pursuant to Section 15B(b)(2) of the Securities Exchange Act of 1934.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org, any other repository of disclosure information that may be designated by the Securities and Exchange Commission in the future.

“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.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than the April 1 following the end of the Issuer’s Fiscal Year (June 30) commencing with the report due by April 1, 2021, provide to the Repository, in an electronic format and accompanied by identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. 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 Agreement; provided that the audited financial statements of the Issuer and the District, 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 Issuer’s or the District’s fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent and Trustee may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date, the Dissemination Agent

has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to inquire if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to date for providing the Annual Report the name and address of the Repository; and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing the Repository(ies) to which it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) 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. 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 audited financial statements 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 such audited financial statements are not available by the date required for filing the Annual Report.

(b) The Annual Report shall contain or incorporate by reference the following:

(i) the principal amount of the Bonds and each series of District 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 Rates and Methods of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared;

(iv) an update of the estimated assessed value-to-lien ratio for such Improvement Area substantially in the form of Tables A-3 and A-11 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; provided, however that in such updates, value to lien by ownership need not be shown;

(v) the status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes;

(vi) an update by Improvement Area similar to Tables A-17 and A-15 of the total Special Taxes levied and collected in the most recent prior fiscal year and the current fiscal year, and the total Special Taxes that remain unpaid for the prior fiscal year in which Special Taxes were levied and the number of delinquent parcels in each Improvement Area;

(vii) any changes with respect to the inclusion or exclusion of the District in the County's Teeter Plan; and

(viii) any information not already included under (i) through (vii) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

In addition to any of the information expressly required to be provide under paragraphs (a) or (b) of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements set forth in clauses (i) to (viii), in the light of the circumstances under which they were made, not misleading.

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 Issuer or related public entities, which have been submitted to the Repository. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer 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 Issuer shall give, or cause the Dissemination Agent to give, notice 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 of the obligated person, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the Issuer 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 trustee or the change of the name of a trustee;
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 of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(c) In the event of the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file, or cause the Dissemination Agent to file, a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Dissemination Agent, if other than the Issuer, shall not be responsible for determining whether the Issuer'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.

Section 6. Format for Filings with the MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. 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 WEBB Municipal Finance, LLC. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver related to the provisions of Sections 3(a), 4, or 5(a), 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 Agreement, the Issuer 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 Issuer. 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(f), 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 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. If the Issuer 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 Agreement, the Issuer 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 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Trustee at the written direction of any Participating 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 Issuer to comply with its obligations under this Disclosure Agreement, 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 Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its 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 Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 16. Governing Law. This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.

BEAUMONT PUBLIC IMPROVEMENT
AUTHORITY

By: _____
Executive Director

WEBB MUNICIPAL FINANCE, LLC, as
Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

Name of Bond Issue: \$_____ BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REFUNDING BONDS, SERIES 2020A (FEDERALLY
TAXABLE)

Date of Issuance: _____, 2020

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of July 1, 2020, by and between the Issuer and Webb Municipal Finance, LLC, as dissemination agent. The Issuer anticipated that the Annual Report will be filed by _____.

Dated: [DISSEMINATION AGENT],
as Dissemination Agent on behalf of ISSUER

GOOD FAITH ESTIMATES – AUTHORITY BONDS

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by the Municipal Advisor and the Underwriter.

Principal Amount. Based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$17,135,000 (the "Estimated Principal Amount"). Assuming that the Estimated Principal Amount is sold and based on market interest rates prevailing at the time of preparation of these good faith estimates by the Municipal Advisor and the Underwriter, the following good faith estimates are provided:

- (a) True Interest Cost of the Bonds. The true interest cost of the 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 Bonds, is 3.84%.
- (b) Finance Charge of the Bonds. The finance charge of the Bonds, which means the sum of all fees and charges paid to third parties, consists of \$688,071 to be paid from proceeds of the Bonds, of which \$257,556 is for costs of issuance and \$199,965 is discount to be paid to the Underwriter as the purchaser of the Bonds, and an estimated \$230,550 of fees paid to third parties.
- (c) Amount of Proceeds to be Received. The amount of proceeds expected to be received by the District for sale of the Bonds, less the finance charge of the Bonds paid from Bond proceeds described in (b) above, is estimated to be \$16,446,929.
- (d) Total Payment Amount. The total payment amount, which means the sum total of all payments the District will make to pay debt service on the Bonds, plus the finance charge for the Bonds as described in (b) above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$26,944,720.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the 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 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the 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 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 Bonds and the actual principal amount of Bonds sold will be determined by the District based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the 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.

GOOD FAITH ESTIMATES – IMPROVEMENT AREA 8C

The good faith estimates set forth herein are provided with respect to the IA8C Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by the Municipal Advisor and the Underwriter.

Principal Amount. Based on the District’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the IA8C Bonds to be sold is \$5,535,000 (the “Estimated Principal Amount”). Assuming that the Estimated Principal Amount is sold and based on market interest rates prevailing at the time of preparation of these good faith estimates by the Municipal Advisor and the Underwriter, the following good faith estimates are provided:

- (a) True Interest Cost of the IA8C Bonds. The true interest cost of the IA8C 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 IA8C Bonds, is 3.93%.
- (b) Finance Charge of the IA8C Bonds. The finance charge of the IA8C Bonds, which means the sum of all fees and charges paid to third parties, consists of \$223,938 to be paid from proceeds of the IA8C Bonds, of which \$84,871 is for costs of issuance and \$64,593 is discount to be paid to the Underwriter as the purchaser of the IA8C Bonds, and an estimated \$74,473 of fees paid to third parties.
- (c) Amount of Proceeds to be Received. The amount of proceeds expected to be received by the District for sale of the IA8C Bonds, less the finance charge of the IA8C Bonds paid from Bond proceeds described in (b) above, is estimated to be \$5,311,062.
- (d) Total Payment Amount. The total payment amount, which means the sum total of all payments the District will make to pay debt service on the IA8C Bonds, plus the finance charge for the IA8C Bonds as described in (b) above not paid with the proceeds of the IA8C Bonds, calculated to the final maturity of the Bonds, is \$9,102,919.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the IA8C 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 IA8C Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of IA8C Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the IA8C 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 IA8C 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 IA8C Bonds and the actual principal amount of IA8C Bonds sold will be determined by the District based on the timing of the need for proceeds of the IA8C Bonds and other factors. The actual interest rates borne by the IA8C Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the IA8C 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.

GOOD FAITH ESTIMATES – IMPROVEMENT AREA 17B

The good faith estimates set forth herein are provided with respect to the IA17B Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by the Municipal Advisor and the Underwriter.

Principal Amount. Based on the District’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the IA17B Bonds to be sold is \$11,600,000 (the “Estimated Principal Amount”). Assuming that the Estimated Principal Amount is sold and based on market interest rates prevailing at the time of preparation of these good faith estimates by the Municipal Advisor and the Underwriter, the following good faith estimates are provided:

- (a) True Interest Cost of the IA17B Bonds. The true interest cost of the IA17B 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 IA17B Bonds, is 3.80%.
- (b) Finance Charge of the IA17B Bonds. The finance charge of the IA17B Bonds, which means the sum of all fees and charges paid to third parties, consists of \$464,133 to be paid from proceeds of the IA17B Bonds, of which \$172,684 is for costs of issuance and \$135,372 is discount to be paid to the Underwriter as the purchaser of the IA17B Bonds, and an estimated \$156,077 of fees paid to third parties.
- (c) Amount of Proceeds to be Received. The amount of proceeds expected to be received by the District for sale of the IA17B Bonds, less the finance charge of the IA17B Bonds paid from Bond proceeds described in (b) above, is estimated to be \$11,135,867.
- (d) Total Payment Amount. The total payment amount, which means the sum total of all payments the District will make to pay debt service on the IA17B Bonds, plus the finance charge for the IA17B Bonds as described in (b) above not paid with the proceeds of the IA17B Bonds, calculated to the final maturity of the Bonds, is \$17,841,801.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the IA17B 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 IA17B Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of IA17B Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the IA17B 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 IA17B 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 IA17B Bonds and the actual principal amount of IA17B Bonds sold will be determined by the District based on the timing of the need for proceeds of the IA17B Bonds and other factors. The actual interest rates borne by the IA17B Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the IA17B 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.



Staff Report

TO: City Council

FROM: Todd Parton, City Manager

DATE: July 7, 2020

SUBJECT: Discussion and Direction to City Staff Regarding Application for the Use of the City of Beaumont's CARES Act Relief Fund Allocation

Background and Analysis:

California's state budget for FY2020-2021 includes a pro-rata distribution of \$500 million in Coronavirus Relief Funds to municipalities of less than 500,000 population. The City of Beaumont's allocation is \$635,569. These are pass through funds from the Federal CARES Act and the use of the funds are subject to Federal as well as State guidelines.

In order to receive its allocation, the City of Beaumont must submit a certification form no later than 11:59 p.m., July 10, 2020. This certification affirms that the City Council has authorized the application for the funds and agrees to abide by all applicable Federal and State requirements as a condition of receipt of the funds. Attached is a copy of the mandatory certification document.

The City must agree to comply with the following conditions:

1. Adhere to Federal guidance and the State's stay-at-home order as specified in Gubernatorial Order N-33-20 and any subsequent amendments;
2. Use funds in accordance with the conditions specified in the State's Budget Act of 2020;
3. Submit a report on expenditures and summarize regional collaboration and non-duplication of efforts within the region by September 1, 2020, and return any unspent funds by October 30, 2020 (unless granted an extension by the State of California); and
4. Retain records regarding the expenditure of the funds on COVID-19 eligible expenditures and participate in any audits required by the Federal or State agencies.

Reporting forms are still to be issued by the California Department of Finance (DOF).

The League of California Cities has provided a summary document regarding the CARES Act Relief Fund Allocations for Cities. This document is attached to this memorandum.

City of Beaumont Finance Department staff have completed a preliminary review of the CARES Act program. This summary is attached to this memorandum. The summary outlines the known, eligible ways to expend the funds as well as additional items that are under review. Staff has identified ways to use funds to cover City's internal costs, ways to support local businesses, and ways to provide community assistance programs. Funds are to be allocated to cities via monthly installments with each installment being 1/6 of the total pro-rata distribution. The state reserves the right to accelerate the allocation schedule based on a city's demonstrated need to utilize the funds sooner. Cities are not required to submit proposed expenditures for approval but will be required to report how funds were used by September 1, 2020. All funds must be expended by October 30, 2020, unless the monthly allocations extend beyond that date. The expenditure deadline may be extended to coincide with the actual allocation schedule. Any funds not expended by the applicable deadline must be returned to the U.S. Treasury. Funds may be used for COVID-19 eligible expenses that started to be incurred on March 1, 2020.

City staff requests guidance from the City Council on whether it would like to pursue Beaumont's allocation and the types of uses for which the funds would apply. City staff is compiling a report of its COVID-19 related expenses incurred since March 1, 2020. Initial estimates are that the City might be eligible for at least \$100,000 of reimbursements. City staff is also compiling a list of additional qualified COVID-19 related needs. Should the City Council decide to pursue these funds, City staff will present a finalized program for the use of the funds for City Council consideration on July 21, 2020.

Fiscal Impact:

City estimates that preparation of this report cost approximately \$3,750.

Recommended Action:

City staff recommends that the City Council approve the Certification for Receipt of Funds Pursuant to Paragraphs (2) or (3) of Subdivision (d) of Control Section 11.90 of the California Budget Act of 2020 authorizing the City Manager to request Beaumont's CARES Act Relief Fund Allocation, provide direction to City staff on the utilization of Beaumont's per capita allocation of \$635,569, and direct

City staff to present a program for the use of its funds for City Council consideration at the City Council regular session scheduled for July 21, 2020.

Attachments:

- A. Certification for Receipt of Fund Pursuant to Paragraphs (2) or (3) of Subdivision (d) of Control Section 11.90 of the California Budget Act of 2020
- B. League of California Cities – CARES Act Relief Fund Allocations for Cities – City Managers
- C. City of Beaumont – CARES Act 2020 Rules and Guidelines as of 7/2/20 – Preliminary Review Subject to Further Exploration and Guidance from State Treasury
- D. Gubernatorial Executive Order N-33-20
- E. \$500 Million Coronavirus Relief Fund Allocations to Cities

CERTIFICATION FOR RECEIPT OF FUNDS PURSUANT TO PARAGRAPHS (2) OR (3) OF
SUBDIVISION (d) OF CONTROL SECTION 11.90 OF THE BUDGET ACT OF 2020

I, Todd Parton, am the chief executive or authorized designee of the City of Beaumont, and I certify that:

1. I have the authority on behalf of Beaumont City Council to request payment from the State of California ('State') pursuant to the applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020.
2. I understand the State will rely on this certification as a material representation in making a direct payment to the City of Beaumont.
3. The City of Beaumont's proposed uses of the funds provided as direct payment under the applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020 will be used only for costs that:
 - a. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)
 - b. Were not accounted for in the budget most recently approved as of March 27, 2020, for the City of Beaumont
 - c. Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.
4. The City of Beaumont agrees to do all of the following as a condition of receipt of funds:
 - a. Adhere to federal guidance and the state's stay-at-home requirements and other health requirements as directed in gubernatorial Executive Order N-33-20, any subsequent Executive Orders or statutes, and all California Department of Public Health orders, directives, and guidance in response to COVID-19 emergency.
 - b. Use the funds in accordance with all applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020.
 - c. Report on expenditures and summarize regional collaboration and non-duplication of efforts within the region by September 1, 2020, and return any funds that are unspent by October 30, 2020 (unless extended by the Department of Finance based on reported expenditures to date), and repay the state for any cost disallowed after federal review.
 - d. Retain records to support reported COVID-19 eligible expenditures and participate in audits as outlined by the federal government and State.

CERTIFICATION FOR RECEIPT OF FUNDS PURSUANT TO PARAGRAPHS (2) OR (3) OF
SUBDIVISION (d) OF CONTROL SECTION 11.90 OF THE BUDGET ACT OF 2020

By: Todd Parton

Signature: _____

Title: City Manager

Date: July 8, 2020

The completed certification must be submitted by email to:

CRFApplications@dof.ca.gov

Certifications must be received by no later than 11:59 p.m. Pacific Daylight Time on July 10, 2020. Certifications received after that time may be disallowed. The subject line of the email shall only contain the name of the local government entity (i.e. City of xxx or County of xxx).

CARES Act Relief Fund Allocations for Cities - City Managers

The Department of Finance has issued an [application](#) for cities to receive their [direct allocation](#) from the approved \$500 million of city CARES Act funding. Funds are to be used by October 30, 2020 and are applicable for eligible COVID-19 expenses incurred starting on March 1, 2020. Below is a breakdown of the requirements and deadlines established by the Department in addition to notes from League staff gathered from communications with the Department to assist you.

Certification

- The city's chief executive or authorized designee must email a signed PDF of the *attached* certification form to the Department of Finance at CRFApplications@dof.ca.gov by no later than 11:59 P.M. Pacific Daylight Time on July 10, 2020. Applications received after that time and date may be disallowed.
 - **Please also** email a copy of your city's signed application and any questions you may have to covid-19@cacities.org. The League is coordinating with the Department of Finance to ensure accurate recording of submitted certifications.
- Cities must attest their adherence to COVID-19 federal guidelines, stay at home orders, and state Executive Orders to receive certification for these funds.
 - **Please note** that no additional action or documentation is needed to certify compliance at this time if the city believes to be in compliance with these orders.
 - The Department of Public Health, in coordination with the Department of Finance, will notify cities (which submit certification documents) that it believes to be out of compliance. Identified cities will be provided an opportunity to provide documentation and come into compliance. The League is actively seeking additional clarification on this process.

Reporting

- By September 1, 2020, via a form still to be issued by the Department of Finance, cities are to report on the details, justification, and status of their expenditures and regional collaboration to date. This report will determine whether cities will receive additional time to expend funds and whether they are to receive additional installments.

- **Please note** that funds can be used to reimburse eligible expenditures back dated to March 1, 2020 that were not accounted for in the most recently approved budget as of March 27, 2020. The entirety of a city's allocation may be used for reimbursements.
- It is required that cities retain records that support reported COVID-19 eligible expenditures in accordance with [U.S. Treasury Guidelines](#). Documentation will support the city's reporting to the state and help mitigate repayments of disallowed costs. Documentation will also assist cities with swapping expenditures deemed to be ineligible with other incurred eligible expenses. The state and federal government retain the authority to audit use of these funds.

Allocation and Methodology

- Funding will be allocated in several installments; the first allocation will total one-sixth of your city's total [allocation](#).
 - **Please note** that the Department of Finance may accelerate payments in the coming months based on utilization of funds and compliance with health orders. League staff is actively seeking clarification on the metrics to be used by the Department in making this determination.
- The Department of Finance, utilizing May 2020 city population estimates developed by the Department's Demographic Research Unit, will allocate \$500 million as follows:
 - \$275 million to cities with a population less than 300,000. Allocation based on the city's population share within this parameter.
 - \$225 million directly to cities with a population greater than 300,000 that did not receive a direct allocation from the Federal CARES Act. Allocation based on the city's population share within this parameter.
 - No city shall receive less than \$50,000.

Expenditure Timeline

- Funds are to be used by October 30, 2020 and are applicable for eligible COVID-19 expenses incurred starting on March 1, 2020.
- As noted above, the Department may accelerate allocations (decrease the number of monthly of installments); however, if the Department continues to allocate one-sixth of the city's total allocation each month from July to December 2020, the expenditure deadline may be extended.
- The extension of the expenditure deadline and the acceleration of allocations will be largely based on city's expenditures and actions reported on/by September 1.
 - Please note that states and local governments must return any funds not used by December 30, 2020 back to the U.S. Treasury.

- The utilization of funds by cities will factor into the Department's decision to accelerate payment and extend the expenditure deadline beyond October 30. If significant unspent funds are projected, the Department may redirect the dollars for its own purposes in accordance with Control [Section 11.90 \(e\)](#) of the 2020 Budget Act.

Questions and Support

- Over the next several weeks, the League will be coordinating with the Department of Finance to answer your questions, provide education on eligible expenses, and reporting requirements.
- Please email a copy of your city's signed application and any questions you may have to covid-19@cacities.org.

CARES ACT 2020 RULES AND GUIDELINES as of 7/2/20
PRELIMINARY REVIEW SUBJECT TO FURTHER EXPLORATION AND
GUIDANCE FROM STATE TREASURY

FACTS:

1. \$635,569 to be allocated to the City of Beaumont in 6 incremental payments.
2. Funds are to be used by 10/30/20, and are applicable for COVID-19 related expenses incurred starting on 3/1/20.
3. Cities must attest their adherence to COVID-19 federal guidelines, stay at home orders, and state executive orders to receive certification for these funds (show proof if asked).
4. The City is NOT required to submit proposed expenditures to the State Treasury for approval.
5. By 9/1/20, the City must submit a report to Department of Finance (DOF) on the status of the City's expenses.
6. Funding will be allocated in several installments (1/6th at a time) and payments may be accelerated based on utilization of funds and compliance of applicable health orders.
7. If the DOF takes 6 months to allocate the payments (which would be through December), then the expenditure deadline may be extended past 10/30/20.
8. The extension of the expenditure deadline and the acceleration of allocations will be largely based on the City's expenditures and actions reported by 9/1/20.
9. Over the next several weeks, the League of California Cities will be coordinating with the State DOF to answer local jurisdiction questions and provide clarification/guidance regarding eligible expenses and reporting requirements.
10. It appears that cities are eligible to utilize CARES Act dollars for reimbursement of costs not otherwise reimbursed by FEMA. Recipients are NOT required to use other federal funds or seek reimbursement under other federal programs before using CARES Act payments to satisfy eligible expenses. Additionally, CARES Act payments are NOT required to be used as the source of funding of last resort; however, recipients may not use payments from the CARES Act to cover expenditures for which they will otherwise receive reimbursement. Recipients will need to consider the applicable restrictions and limitations of other sources of funding such as combining a transaction supported with Fund payments with other CARES Act funding or COVID-19 relief federal funding.

TO DO:

1. Submit certification form to the State Dept of Finance by 7/10/20 as well as an email of the certification to League of California Cities.
2. Retain records to support eligible expenditures.
3. Provide reports as required by the State DOF.

ELIGIBLE WAYS TO SPEND THE MONEY:

A. City Internal Costs:

1. Technology Costs – telework capable hardware and software.
2. Personal Protective Equipment (PPE).
3. Non-staff expenses: PPE, telecommuting, sanitizing, public health order enforcement.
4. PPE reserves for future outbreak.
5. Facility safety improvements for adequate social distancing.
6. Assistance for unemployment of City employees for COVID illness time off or high-risk quarantine (restricted to self-insured cities).
7. Employee time off due to COVID-19 (Paid sick or paid family and medical leave).
8. Increased worker's compensation costs if employees are deemed to have contracted COVID-19 at work.

9. Public safety measures associated with quarantining individuals.
10. Hazard pay or overtime for those performing hazardous duty or work involving physical hardship, in each case that is related to COVID-19 (limited to BPD employees).
11. Disinfection of City buildings.
12. Covering the 25% of allowable FEMA costs that are not reimbursed by FEMA (PAYMENTS FROM THE FUND MAY BE USED TO MEET THE NON-FEDERAL MATCHING REQUIREMENTS FOR STAFFORD ACT ASSISTANCE FOR COVID-19-RELATED COSTS THAT SATISFY THE FUND'S ELIGIBILITY CRITERIA AND THE STAFFORD ACT. REGARDLESS OF THE USE OF FUND PAYMENTS FOR SUCH PURPOSES, FEMA FUNDING IS STILL DEPENDENT ON FEMA'S DETERMINATION OF ELIGIBILITY UNDER THE STAFFORD ACT).

B. Small Business Support:

1. Reimbursements to small businesses who have suffered COVID-19 related losses for costs needed for reopening.
2. Provision of PPEs.
3. Small business grant program.

C. Community Assistance Programs:

1. Utility assistance for residents experiencing COVID-19 related hardship (application process and verification).
2. Food and nutrition support for seniors and other vulnerable populations.
3. Provision of PPEs to the community.
4. Rental assistance to individuals experiencing COVID-19 related hardship (application process and verification).

ADDITIONAL RESEARCH FOR ELIGIBILITY:

1. Payroll costs for BPD employees since those are costs of services substantially dedicated to mitigating or responding to the COVID-19 public health emergency. This may be an eligible expense since BPD staff provided "communication and enforcement of COVID-19 public health orders. This also may be eligible for BPD employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. Federal guidance states that "as a matter of administrative convenience" the state may presume payroll costs for police officers are payments for services substantially dedicated.
2. The "Summary of CRD Guidelines and FAQ 6/24/20" lists police officers as COVID-19 related expenses that are needed to address public health needs.
3. Purchase of police vehicles.
4. PIO COVID-19 related expenses, including salary, since a significant amount of PIO staff time was devoted to COVID-19 communications and public information (might apply to other staff as well).
5. Stipends for teleworking employee expenses.

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER N-33-20

WHEREAS on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS in a short period of time, COVID-19 has rapidly spread throughout California, necessitating updated and more stringent guidance from federal, state, and local public health officials; and

WHEREAS for the preservation of public health and safety throughout the entire State of California, I find it necessary for all Californians to heed the State public health directives from the Department of Public Health.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567, 8627, and 8665 do hereby issue the following Order to become effective immediately:

IT IS HEREBY ORDERED THAT:

- 1) To preserve the public health and safety, and to ensure the healthcare delivery system is capable of serving all, and prioritizing those at the highest risk and vulnerability, all residents are directed to immediately heed the current State public health directives, which I ordered the Department of Public Health to develop for the current statewide status of COVID-19. Those directives are consistent with the March 19, 2020, Memorandum on Identification of Essential Critical Infrastructure Workers During COVID-19 Response, found at: <https://covid19.ca.gov/>. Those directives follow:

ORDER OF THE STATE PUBLIC HEALTH OFFICER
March 19, 2020

To protect public health, I as State Public Health Officer and Director of the California Department of Public Health order all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors, as outlined at <https://www.cisa.gov/identifying-critical-infrastructure-during-covid-19>. In addition, and in consultation with the Director of the Governor's Office of Emergency Services, I may designate additional sectors as critical in order to protect the health and well-being of all Californians.

Pursuant to the authority under the Health and Safety Code 120125, 120140, 131080, 120130(c), 120135, 120145, 120175 and 120150, this order is to go into effect immediately and shall stay in effect until further notice.

The federal government has identified 16 critical infrastructure sectors whose assets, systems, and networks, whether physical or virtual, are considered so vital to the United States that their incapacitation or

destruction would have a debilitating effect on security, economic security, public health or safety, or any combination thereof. I order that Californians working in these 16 critical infrastructure sectors may continue their work because of the importance of these sectors to Californians' health and well-being.

This Order is being issued to protect the public health of Californians. The California Department of Public Health looks to establish consistency across the state in order to ensure that we mitigate the impact of COVID-19. Our goal is simple, we want to bend the curve, and disrupt the spread of the virus.

The supply chain must continue, and Californians must have access to such necessities as food, prescriptions, and health care. When people need to leave their homes or places of residence, whether to obtain or perform the functions above, or to otherwise facilitate authorized necessary activities, they should at all times practice social distancing.

- 2) The healthcare delivery system shall prioritize services to serving those who are the sickest and shall prioritize resources, including personal protective equipment, for the providers providing direct care to them.
- 3) The Office of Emergency Services is directed to take necessary steps to ensure compliance with this Order.
- 4) This Order shall be enforceable pursuant to California law, including, but not limited to, Government Code section 8665.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 19th day of March 2020.



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State

\$500 Million Coronavirus Relief Fund Allocations to Cities

(Whole dollars)

Cities	Allocations ¹	Cities	Allocations ¹	Cities	Allocations ¹
Adelanto	\$ 440,336	Capitola	\$ 124,805	El Cerrito	\$ 308,098
Agoura Hills	\$ 253,931	Carlsbad	\$ 1,413,290	El Monte	\$ 1,440,602
Alameda	\$ 1,003,970	Carmel-by-the-Sea	\$ 50,000	El Paso de Robles	\$ 385,490
Albany	\$ 233,818	Carpinteria	\$ 164,649	El Segundo	\$ 207,148
Alhambra	\$ 1,071,632	Carson	\$ 1,149,617	Elk Grove	\$ 2,174,997
Aliso Viejo	\$ 617,900	Cathedral City	\$ 661,559	Emeryville	\$ 151,845
Alturas	\$ 50,000	Ceres	\$ 597,972	Encinitas	\$ 767,782
Amador	\$ 50,000	Cerritos	\$ 617,283	Escalon	\$ 92,332
American Canyon	\$ 257,277	Chico	\$ 1,362,210	Escondido	\$ 1,889,210
Anaheim	\$ 30,480,113	Chino	\$ 1,100,241	Etna	\$ 50,000
Anderson	\$ 131,756	Chino Hills	\$ 1,017,515	Eureka	\$ 329,656
Angels City	\$ 50,907	Chowchilla	\$ 224,668	Exeter	\$ 136,189
Antioch	\$ 1,389,299	Chula Vista	\$ 3,360,914	Fairfax	\$ 91,356
Apple Valley	\$ 918,553	Citrus Heights	\$ 1,084,214	Fairfield	\$ 1,444,380
Arcadia	\$ 706,404	Claremont	\$ 442,114	Farmersville	\$ 140,745
Arcata	\$ 221,792	Clayton	\$ 139,979	Ferndale	\$ 50,000
Arroyo Grande	\$ 218,384	Clearlake	\$ 176,527	Fillmore	\$ 192,195
Artesia	\$ 203,604	Cloverdale	\$ 113,754	Firebaugh	\$ 98,542
Arvin	\$ 267,649	Clovis	\$ 1,471,470	Folsom	\$ 1,007,649
Atascadero	\$ 371,118	Coachella	\$ 582,612	Fontana	\$ 2,629,939
Atherton	\$ 86,813	Coalinga	\$ 212,358	Fort Bragg	\$ 91,702
Atwater	\$ 387,428	Colfax	\$ 50,000	Fort Jones	\$ 50,000
Auburn	\$ 180,194	Colma	\$ 50,000	Fortuna	\$ 149,684
Avalon	\$ 50,000	Colton	\$ 668,202	Foster City	\$ 407,863
Avenal	\$ 162,846	Colusa	\$ 76,244	Fountain Valley	\$ 689,933
Azusa	\$ 613,134	Commerce	\$ 158,883	Fowler	\$ 79,688
Bakersfield	\$ 33,502,406	Compton	\$ 1,210,414	Fremont	\$ 2,891,945
Baldwin Park	\$ 941,494	Concord	\$ 1,606,893	Fullerton	\$ 1,751,601
Banning	\$ 384,304	Corcoran	\$ 263,019	Galt	\$ 319,161
Barstow	\$ 299,640	Corning	\$ 94,085	Garden Grove	\$ 2,158,291
Beaumont	\$ 635,569	Corona	\$ 2,077,380	Gardena	\$ 752,397
Bell	\$ 451,053	Coronado	\$ 263,994	Gilroy	\$ 704,824
Bell Gardens	\$ 524,123	Corte Madera	\$ 124,879	Glendale	\$ 2,535,249
Bellflower	\$ 964,435	Costa Mesa	\$ 1,417,179	Glendora	\$ 642,878
Belmont	\$ 331,064	Cotati	\$ 93,011	Goleta	\$ 397,862
Belvedere	\$ 50,000	Covina	\$ 603,108	Gonzales	\$ 105,025
Benicia	\$ 335,533	Crescent City	\$ 82,392	Grand Terrace	\$ 153,425
Berkeley	\$ 1,513,511	Cudahy	\$ 298,455	Grass Valley	\$ 158,846
Beverly Hills	\$ 417,024	Culver City	\$ 490,243	Greenfield	\$ 225,755
Big Bear Lake	\$ 64,279	Cupertino	\$ 735,259	Gridley	\$ 79,046
Biggs	\$ 50,000	Cypress	\$ 608,368	Grover Beach	\$ 163,155
Bishop	\$ 50,000	Daly City	\$ 1,347,591	Guadalupe	\$ 99,777
Blue Lake	\$ 50,000	Dana Point	\$ 409,258	Gustine	\$ 72,539
Blythe	\$ 237,744	Danville	\$ 541,743	Half Moon Bay	\$ 153,487
Bradbury	\$ 50,000	Davis	\$ 854,212	Hanford	\$ 732,790
Brawley	\$ 337,682	Del Mar	\$ 52,698	Hawaiian Gardens	\$ 180,873
Brea	\$ 563,387	Del Rey Oaks	\$ 50,000	Hawthorne	\$ 1,073,003
Brentwood	\$ 804,021	Delano	\$ 654,793	Hayward	\$ 1,979,381
Brisbane	\$ 57,204	Desert Hot Springs	\$ 366,216	Healdsburg	\$ 149,264
Buellton	\$ 67,465	Diamond Bar	\$ 705,972	Hemet	\$ 1,051,667
Buena Park	\$ 1,012,440	Dinuba	\$ 320,951	Hercules	\$ 315,222
Burbank	\$ 1,307,080	Dixon	\$ 246,597	Hermosa Beach	\$ 242,177
Burlingame	\$ 371,871	Dorris	\$ 50,000	Hesperia	\$ 1,190,177
Calabasas	\$ 298,714	Dos Palos	\$ 68,477	Hidden Hills	\$ 50,000
Calexico	\$ 504,948	Downey	\$ 1,401,758	Highland	\$ 683,080
California City	\$ 174,848	Duarte	\$ 267,599	Hillsborough	\$ 140,980
Calimesa	\$ 115,186	Dublin	\$ 811,404	Hollister	\$ 501,862
Calipatria	\$ 84,491	Dunsmuir	\$ 50,000	Holtville	\$ 78,515
Calistoga	\$ 66,032	East Palo Alto	\$ 380,218	Hughson	\$ 90,109
Camarillo	\$ 867,522	Eastvale	\$ 820,010	Huntington Beach	\$ 2,485,243
Campbell	\$ 522,136	El Cajon	\$ 1,288,954	Huntington Park	\$ 734,840
Canyon Lake	\$ 135,818	El Centro	\$ 563,733	Huron	\$ 90,122

¹Excludes cities that received direct federal allocation through the CARES Act (6 cities). Allocations use May 2020 Population Estimates.

\$500 Million Coronavirus Relief Fund Allocations to Cities

(Whole dollars)

Cities	Allocations ¹	Cities	Allocations ¹	Cities	Allocations ¹
Imperial	\$ 245,794	Maricopa	\$ 50,000	Pasadena	\$ 1,788,383
Imperial Beach	\$ 346,399	Marina	\$ 275,600	Patterson	\$ 284,898
Indian Wells	\$ 66,712	Martinez	\$ 458,153	Perris	\$ 990,252
Indio	\$ 1,120,515	Marysville	\$ 153,401	Petaluma	\$ 763,954
Industry	\$ 50,000	Maywood	\$ 344,534	Pico Rivera	\$ 782,487
Inglewood	\$ 1,382,521	McFarland	\$ 177,651	Piedmont	\$ 141,412
Ione	\$ 98,876	Mendota	\$ 154,512	Pinole	\$ 240,831
Irvine	\$ 3,478,274	Menifee	\$ 1,198,820	Pismo Beach	\$ 100,493
Irwindale	\$ 50,000	Menlo Park	\$ 435,286	Pittsburg	\$ 917,651
Isleton	\$ 50,000	Merced	\$ 1,088,029	Placentia	\$ 635,803
Jackson	\$ 60,007	Mill Valley	\$ 181,182	Placerville	\$ 135,572
Jurupa Valley	\$ 1,322,168	Millbrae	\$ 281,910	Pleasant Hill	\$ 423,099
Kerman	\$ 196,937	Milpitas	\$ 962,595	Pleasanton	\$ 981,153
King City	\$ 182,701	Mission Viejo	\$ 1,163,927	Plymouth	\$ 50,000
Kingsburg	\$ 159,068	Modesto	\$ 2,745,200	Point Arena	\$ 50,000
La Canada Flintridge	\$ 252,635	Monrovia	\$ 468,388	Pomona	\$ 1,911,546
La Habra	\$ 782,450	Montague	\$ 50,000	Port Hueneme	\$ 291,479
La Habra Heights	\$ 67,428	Montclair	\$ 487,588	Porterville	\$ 736,568
La Mesa	\$ 740,408	Monte Sereno	\$ 50,000	Portola	\$ 50,000
La Mirada	\$ 603,491	Montebello	\$ 784,586	Portola Valley	\$ 56,883
La Palma	\$ 191,282	Monterey	\$ 347,819	Poway	\$ 609,183
La Puente	\$ 500,898	Monterey Park	\$ 749,891	Rancho Cordova	\$ 967,781
La Quinta	\$ 502,034	Moorpark	\$ 447,929	Rancho Cucamonga	\$ 2,167,193
La Verne	\$ 411,160	Moraga	\$ 209,235	Rancho Mirage	\$ 236,003
Lafayette	\$ 316,136	Moreno Valley	\$ 2,578,550	Rancho Palos Verdes	\$ 515,258
Laguna Beach	\$ 275,872	Morgan Hill	\$ 573,574	Rancho Santa Margarita	\$ 602,454
Laguna Hills	\$ 389,033	Morro Bay	\$ 125,793	Red Bluff	\$ 175,885
Laguna Niguel	\$ 806,465	Mount Shasta	\$ 50,000	Redding	\$ 1,132,763
Laguna Woods	\$ 200,554	Mountain View	\$ 1,015,823	Redlands	\$ 876,054
Lake Elsinore	\$ 783,463	Murrieta	\$ 1,426,847	Redondo Beach	\$ 827,184
Lake Forest	\$ 1,045,938	Napa	\$ 978,856	Redwood City	\$ 1,071,163
Lakeport	\$ 57,748	National City	\$ 766,745	Reedley	\$ 320,001
Lakewood	\$ 986,770	Needles	\$ 64,798	Rialto	\$ 1,290,930
Lancaster	\$ 1,996,519	Nevada City	\$ 50,000	Richmond	\$ 1,373,211
Larkspur	\$ 151,289	Newark	\$ 604,590	Ridgecrest	\$ 362,388
Lathrop	\$ 331,311	Newman	\$ 147,079	Rio Dell	\$ 50,000
Lawndale	\$ 404,974	Newport Beach	\$ 1,059,137	Rio Vista	\$ 123,311
Lemon Grove	\$ 327,520	Norco	\$ 340,336	Ripon	\$ 196,690
Lemoore	\$ 327,310	Norwalk	\$ 1,305,302	Riverbank	\$ 309,049
Lincoln	\$ 608,924	Novato	\$ 663,066	Riverside	\$ 27,991,888
Lindsay	\$ 162,414	Oakdale	\$ 283,947	Rocklin	\$ 868,621
Live Oak	\$ 113,594	Oakland	\$ 36,994,706	Rohnert Park	\$ 531,779
Livermore	\$ 1,134,220	Oakley	\$ 524,272	Rolling Hills	\$ 50,000
Livingston	\$ 185,849	Oceanside	\$ 2,189,579	Rolling Hills Estates	\$ 99,592
Lodi	\$ 838,741	Ojai	\$ 93,307	Rosemead	\$ 671,227
Loma Linda	\$ 302,937	Ontario	\$ 2,257,932	Roseville	\$ 1,792,347
Lomita	\$ 253,721	Orange	\$ 1,729,401	Ross	\$ 50,000
Lompoc	\$ 540,632	Orange Cove	\$ 116,754	Salinas	\$ 2,002,977
Long Beach	\$ 40,280,494	Orinda	\$ 234,707	San Anselmo	\$ 157,512
Loomis	\$ 85,047	Orland	\$ 102,765	San Bernardino	\$ 2,691,008
Los Alamitos	\$ 142,819	Oroville	\$ 240,028	San Bruno	\$ 561,227
Los Altos	\$ 381,230	Oxnard	\$ 2,547,855	San Buenaventura	\$ 1,312,204
Los Altos Hills	\$ 103,876	Pacific Grove	\$ 188,479	San Carlos	\$ 372,204
Los Banos	\$ 517,629	Pacifica	\$ 473,278	San Clemente	\$ 797,390
Los Gatos	\$ 388,181	Palm Desert	\$ 654,225	San Dimas	\$ 419,123
Loyalton	\$ 50,000	Palm Springs	\$ 585,587	San Fernando	\$ 311,234
Lynwood	\$ 879,968	Palmdale	\$ 1,935,252	San Gabriel	\$ 495,169
Madera	\$ 807,688	Palo Alto	\$ 854,743	San Jacinto	\$ 630,049
Malibu	\$ 144,708	Palos Verdes Estates	\$ 162,859	San Joaquin	\$ 51,142
Mammoth Lakes	\$ 97,036	Paradise	\$ 57,180	San Juan Bautista	\$ 50,000
Manhattan Beach	\$ 435,236	Paramount	\$ 684,784	San Juan Capistrano	\$ 448,423
Manteca	\$ 1,047,037	Parlier	\$ 196,196	San Leandro	\$ 1,085,683

¹Excludes cities that received direct federal allocation through the CARES Act (6 cities). Allocations use May 2020 Population Estimates.

\$500 Million Coronavirus Relief Fund Allocations to Cities

(Whole dollars)

Cities	Allocations ¹	Cities	Allocations ¹
San Luis Obispo	\$ 566,980	Tracy	\$ 1,184,473
San Marcos	\$ 1,200,252	Trinidad	\$ 50,000
San Marino	\$ 161,587	Truckee	\$ 200,369
San Mateo	\$ 1,272,829	Tulare	\$ 837,555
San Pablo	\$ 387,860	Tulelake	\$ 50,000
San Rafael	\$ 738,445	Turlock	\$ 917,355
San Ramon	\$ 1,026,269	Tustin	\$ 992,487
Sand City	\$ 50,000	Twentynine Palms	\$ 361,252
Sanger	\$ 335,657	Ukiah	\$ 198,307
Santa Ana	\$ 28,580,208	Union City	\$ 909,206
Santa Barbara	\$ 1,154,593	Upland	\$ 973,127
Santa Clara	\$ 1,594,064	Vacaville	\$ 1,220,576
Santa Clarita	\$ 2,740,224	Vallejo	\$ 1,470,087
Santa Cruz	\$ 795,452	Vernon	\$ 50,000
Santa Fe Springs	\$ 225,891	Victorville	\$ 1,561,073
Santa Maria	\$ 1,326,168	Villa Park	\$ 71,194
Santa Monica	\$ 1,140,344	Visalia	\$ 1,711,918
Santa Paula	\$ 375,217	Vista	\$ 1,270,866
Santa Rosa	\$ 2,143,808	Walnut	\$ 369,537
Santee	\$ 716,121	Walnut Creek	\$ 874,918
Saratoga	\$ 383,132	Wasco	\$ 356,635
Sausalito	\$ 89,541	Waterford	\$ 109,815
Scotts Valley	\$ 144,375	Watsonville	\$ 636,063
Seal Beach	\$ 308,580	Weed	\$ 50,000
Seaside	\$ 414,086	West Covina	\$ 1,308,784
Sebastopol	\$ 95,629	West Hollywood	\$ 447,003
Selma	\$ 301,715	West Sacramento	\$ 670,795
Shafter	\$ 252,388	Westlake Village	\$ 101,395
Shasta Lake	\$ 131,583	Westminster	\$ 1,141,134
Sierra Madre	\$ 133,547	Westmorland	\$ 50,000
Signal Hill	\$ 144,610	Wheatland	\$ 50,000
Simi Valley	\$ 1,544,811	Whittier	\$ 1,071,743
Solana Beach	\$ 170,860	Wildomar	\$ 459,103
Soledad	\$ 312,395	Williams	\$ 66,996
Solvang	\$ 68,675	Willits	\$ 62,625
Sonoma	\$ 136,436	Willows	\$ 76,651
Sonora	\$ 58,241	Windsor	\$ 348,782
South El Monte	\$ 261,809	Winters	\$ 89,875
South Gate	\$ 1,197,709	Woodlake	\$ 95,974
South Lake Tahoe	\$ 278,119	Woodland	\$ 749,990
South Pasadena	\$ 314,333	Woodside	\$ 70,082
South San Francisco	\$ 838,111	Yorba Linda	\$ 847,631
St Helena	\$ 74,984	Yountville	\$ 50,000
Stanton	\$ 482,489	Yreka	\$ 96,135
Stockton	\$ 27,170,185	Yuba City	\$ 869,954
Suisun City	\$ 359,536	Yucaipa	\$ 687,883
Sunnyvale	\$ 1,932,363	Yucca Valley	\$ 274,551
Susanville	\$ 169,366		
Sutter Creek	\$ 50,000		
Taft	\$ 107,173		
Tehachapi	\$ 157,525		
Tehama	\$ 50,000		
Temecula	\$ 1,382,508		
Temple City	\$ 446,349		
Thousand Oaks	\$ 1,561,715		
Tiburon	\$ 117,792		
Torrance	\$ 1,797,076		

¹Excludes cities that received direct federal allocation through the CARES Act (6 cities). Allocations use May 2020 Population Estimates.



Staff Report

TO: City Council

FROM: Kari Mendoza, Administrative Services Director

DATE: July 7, 2020

SUBJECT: **Authorize Amendment One to the Agreement for Claims Administration Services with Sedgwick Claims Management Services**

Background and Analysis:

Sedgwick Claims Management Services (Sedgwick), previously York Risk Services Group, has been serving as the City's workers compensation claims administrator since July 2015. Sedgwick's regional Inland Empire offices are located in the City of Upland. The proposed contract from Sedgwick provides for a three-year term subject to termination by either party with at least sixty (60) days prior written notice to the other party. Sedgwick proposes to administer all City workers' compensation claims and provide all regulatory filings required of self-insured agencies including the filing of the Annual Self Insurer's Report with the State.

Sedgwick proposes to provide these services for a flat fee of \$37,971 per year payable at \$3,164.25 per month in advance with an annual increase of the greater of the CPI or 3% per year upon the anniversary date of the agreement.

Sedgwick is an approved provider of claims administration services by CSAC, the current excess workers' compensation provider. Sedgwick provides administration of all medical provider network and medical bill auditing services and is currently the depository of all the City's workers' compensation claims financial data. A change in providers would require a transfer of this data to a new provider's data system. This type of change will require payment of additional conversion fees which in some instances can be quite costly.

Fiscal Impact:

The annual cost of \$37,971 is budgeted for in the FY 2020-2021 Budget Account 100-1240-7068.

Recommended Action:

Authorize the City Manager to execute Amendment One to the Agreement for Claims Administration Services.

Attachments:

- A. Amendment One and Exhibit A to the Agreement for Claims Administration
- B. 2015 Contract with York Risk Services

**AMENDMENT ONE
TO THE AGREEMENT FOR CLAIMS ADMINISTRATION SERVICES**

This Amendment One to that certain Agreement for Claims Administration Services dated as of July 1, 2015 and as subsequently amended (the “Agreement”) by and between City of Beaumont (“Client”) and Sedgwick Claims Management Services, Inc., (“Sedgwick”), as assignee to York Risk Services Group, Inc. (“York”);

WITNESSETH

WHEREAS, York and Client entered into an Agreement whereby York agreed to provide certain workers’ compensation administration services; and

WHEREAS, effective May 28, 2020, York assigned to its parent, Sedgwick all of its rights and obligations under the Agreement; and

WHEREAS, Sedgwick and Client desire to amend the Agreement to extend the term of the Agreement and revise the claim fees and pricing structure, as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Section II entitled “Term of Agreement” shall be revised to include the following:

“The term of this Agreement has been extended to include the period from July 1, 2020 to June 30, 2023.”

2. Effective July 1, 2020, Exhibit A of the Agreement shall no longer apply. From and after such date, the provisions set forth in the attached Exhibit A will apply instead.
3. Section XIII C of the Agreement shall be revised to reflect the following notice provisions for Sedgwick:

Notices to Sedgwick shall be delivered to:

General Counsel - Americas
Sedgwick Claims Management Services, Inc.
8125 Sedgwick Way
Memphis, Tennessee 38125

4. In addition, Sedgwick represents that it is the corporate parent of York and unconditionally assumes all of the rights, duties, obligations and liabilities of York, under the Agreement.

- 5. All other terms of the Agreement shall remain in force and unchanged. Any conflicts between this Amendment and the original Agreement, including prior executed amendments, shall be superseded by the terms provided herein.

In Witness Whereof, the parties have executed this amendment to be effective as of City of Beaumont.

CITY OF BEAUMONT

YORK RISK SERVICES GROUP, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.

By: _____

Name: _____

Title: _____

EXHIBIT A

Claims Services

Sedgwick will provide claims handling at the following rates:

Annual Fee

Line of Business	07/01/2020 through 06/30/2021	07/01/2021 through 06/30/2022	07/01/2022 through 06/30/2023
Workers' Compensation	\$37,971.00	\$39,110.00	\$40,283.00

Annual Fee: Sedgwick's Annual Fee quotation is a guaranteed flat annual fee and applies to claims administration services provided during the 12-month contract term. Any additional administration beyond the initial 12-month contract term will be subject to an additional negotiated flat annual fee or other mutually agreed upon rate structure. If there is a significant increase in claims volume, Sedgwick may propose additional charges. If client agrees to such additional charges, the fees will be adjusted accordingly. If client does not agree to such charges, Sedgwick will have the right to terminate services on 60 days' notice.

Services of the Account Executive, along with phone claim reviews, are provided at no additional charge.

General Fees, Services, Terms and Conditions

- Outside Activity/Field Investigations will be billed at time and expense.
- During the term of a multi-year contract, except for items for which pricing for each year is explicitly listed above, pricing for each year after the first full year will increase by the greater of 3% or the percentage increase as reported by the U.S. Department of Labor - Bureau of Labor Statistics (<http://www.bls.gov/cpi/home.htm>) for the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average, All Items, covering the prior twelve-month period, valued as of the month ending two months prior (to allow time for reports to be published) to the anniversary date of the contract. For all contracts, pricing at the end of the contract term and each year thereafter will increase by such amount, provided that (i) both parties agree and enter into a renewal contract, or (ii) the parties continue with the existing contract on a month-to-month basis.
- Billing: Sedgwick will issue an electronic invoice monthly, via email. Payments shall be due and payable no later than thirty days from the date the invoice received.
- Pricing has been developed based on provided loss data. In the event that the loss data is erroneous or otherwise incorrect both parties agree to discuss an equitable adjustment of service fees.
- Client may request that the services we perform be rendered in a particular or different way or additional services be provided, and we will make all reasonable efforts to comply. If such request increases Sedgwick's cost of providing the services, Sedgwick shall be entitled to an equitable adjustment in its compensation.

- Subrogation: Sedgwick's fee per feature pricing includes placing parties that it deems responsible on notice. Pursuit of subrogation beyond this point can be performed at 25% of recovery (exclusive of attorney fees and expenses related to litigation as well as expenses, such as locate searches, skip traces, cost and origin reports, copy service, etc. or any agreed upon contingency fees).
- Claims and Allocated Loss Adjustment Expenses (ALAE) may be handled in two ways:
 - Client may elect to fund an account established and maintained by Sedgwick. In this case, Client will maintain and provide timely replenishment of funds to pay all Claims and ALAE and to avoid penalties and late payments. Sedgwick will electronically provide a monthly recap of all deposits as well as Claims and ALAE payments. Client will be responsible for bank fees with respect to the account.
 - Client may elect to maintain and fund a client-owned account from which Sedgwick will issue all Claim and ALAE payments. In this case, Client will provide Sedgwick with the facsimile signature of an officer, director, partner or employee of Client to print digitally on the checks. Client will be responsible for bank fees with respect to the account.

Allocated Loss Adjustment Expenses

Sedgwick will arrange for various services and other costs as agent for Sedgwick's client. These costs are referred to as Allocated Loss Adjustment Expenses (ALAE). A list of these expenses follows. Payment of ALAE is the responsibility of Client. Sedgwick's fees do not cover ALAE, and Sedgwick is under no obligation to pay ALAE with our own funds.

- Fees of outside counsel for claims in suit, coverage opinions and litigation and for representation at hearings or pretrial conferences
- Fees of court reporters
- All court costs, court fees and court expenses
- Fees for service of process
- Costs of undercover operatives and detectives
- Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, diagrams
- Costs for employing experts for the advice, opinions or testimony concerning claims under investigation or in litigation or for which a declaratory judgment is sought
- Costs for independent medical examination or evaluation for rehabilitation
- Costs of legal transcripts of testimony taken at coroner's inquests, criminal or civil proceeding
- Costs for copies of any public records or medical records
- Costs of depositions and court reported or recorded statements
- Costs and expenses of subrogation
- Costs of engineers, handwriting experts or any other type of expert used in the preparation of litigation or used on a one-time basis to resolve disputes
- Witness fees and travel expenses
- Costs of photographers and photocopy services
- Costs of appraisal fees and expenses (not included in flat fee or performed by others)
- Costs of indexing claimants
- FROI/SROI Submission
- Services performed outside of our normal geographical regions
- Costs of outside investigation, signed or recorded statements

- Out of the ordinary expenses incurred in connection with an individual claim or requiring meeting with Customer
- Any other extraordinary services performed by us at Customer's request
- Investigation of possible fraud including SIU services and related expenses
- Any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss or to the protection or perfection of the subrogation rights of Customer.

Sedgwick may, but need not, elect to utilize its own staff or affiliated entities to perform any of these services. Associated fees and costs will be charged as ALAE.

AGREEMENT FOR WORKERS COMPENSATION

CLAIMS ADMINISTRATION SERVICES

This Agreement (the "Agreement") is effective as of the 1st day of July 2015 (the "Effective Date") between City of Beaumont, ("PRINCIPAL"), a public entity, organized under the laws of the California, having offices at 550 E. 6th Street, Beaumont, Ca 92223, and YORK RISK SERVICES GROUP, INC., ("YORK"), a New York corporation with its principal place of business at 99 Cherry Hill Road, Parsippany, New Jersey 07054.

WHEREAS, PRINCIPAL desires to provide Claims Administration Services on claims arising out of PRINCIPAL'S self-insured workers' compensation program (the "Program") during the term of this Agreement; and

WHEREAS, YORK desires to be retained by PRINCIPAL pursuant to the terms and provisions of this Agreement to provide Claims Administration Services on claims arising out of the Program during the term of this Agreement; and

WHEREAS, YORK, by entering into this Agreement, shall be obligated to provide Claims Administration Services to PRINCIPAL on the terms and conditions set forth herein;

NOW THEREFORE, for and in consideration of the promises set forth hereinabove, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, YORK and PRINCIPAL agree as follows:

I. DEFINITIONS

- A. "PRINCIPAL" shall mean City of Beaumont.
- B. "CLAIMS ADMINISTRATION SERVICES" shall include the administration, adjustment, management, and oversight of claims arising out of PRINCIPAL'S self-insured workers' compensation program.

CLAIMS ADMINISTRATION SERVICES shall also include, but not limited to, the following services:

1. Providing supervision of the loss adjustment process;
2. Determining and implementing appropriate claims practices to adjust assigned claims in accordance with YORK'S established practices;
3. Adhering to high standards of professional conduct;

4. Adjusting and managing assigned claims to assure that PRINCIPAL and claimants receive high quality service;
5. Establishing, monitoring and timely revisions of case reserves;
6. Settling claims within the applicable coverage terms and conditions;
7. Maintaining current knowledge of applicable adjustment practices and procedures, local practices, applicable insurance coverage, court decisions, current guidelines in the claims function, and Program changes and modifications (as advised by PRINCIPAL);
8. Assisting in the preparation of claims for suit, hearing, trial, or subrogation as appropriate;
9. Acting as PRINCIPAL'S liaison with medical personnel, first notice of loss reporting services and defense counsel;
10. Reviewing bills of service providers;
11. Preparing and submitting status and administrative reports in accordance with YORK's established practices;
12. Preserving subrogation rights and overseeing subrogation recovery.

C. "CLAIMS" shall mean claims, arising under the Program and which are referred to YORK for adjusting during the term of this Agreement.

D. "INFORMATION" or "CONFIDENTIAL INFORMATION" shall mean documentation, data or information relevant to PRINCIPAL or claimant that is created by YORK or that comes into its possession as a result of the rendering of services by YORK to PRINCIPAL, pursuant to the Agreement.

E. "CONFIDENTIAL INFORMATION" is information not publicly available and includes, without limitation, the work product, investigation materials, trial preparation materials including but not limited to opinions and mental impressions of YORK personnel, communications with defense and coverage counsel and non-public personal information of insureds.

F. "LOSS ADJUSTMENT EXPENSE" shall mean, in addition to fees to be paid in accordance with items listed or inferred herein Agreement, all reasonable expenses necessary to the adjustment of a claim in accordance with this Agreement, including but not limited to, legal fees, court costs and fees for court reporters, expert witnesses, investigation, photocopies, subpoenas, photographs, maps, accounting, chemical or physical analysis, independent medical exams or other evaluations, depositions, appraisal fees and expenses, bill review, utilization review and any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss or subrogation actions. YORK may, but need not, elect to utilize its own staff to perform these services.

G. "SYSTEMS" shall mean severally or collectively, YORK's proprietary claims handling system.

II. TERM OF AGREEMENT

The term of this Agreement shall commence on July 1, 2015 and shall continue until and through June 30, 2020 (the "TERM"). This Agreement will be deemed extended to cover each additional claim that PRINCIPAL refers to YORK after the end of the aforesaid period (subject to the extensions as aforesaid) and which YORK accepts for handling.

III. CLAIMS ADMINISTRATION SERVICES (the "Services")

PRINCIPAL hereby retains YORK to provide Claims Administration Services, as set forth in this Agreement, including any Exhibits attached hereto, for the Claims that arise out of PRINCIPAL'S self-insured workers compensation program and that are assigned by PRINCIPAL to YORK.

A. The Services to be rendered by YORK shall be in conformance with the requirements and provisions of this Agreement together with all applicable rules, orders, and interpretations issued by the applicable regulatory authorities as of the date hereof.

B. YORK acknowledges its obligation to comply with all applicable statutes and any rules or regulations of the applicable regulatory authorities.

C. YORK shall perform Claims Administration Services for each Claim assigned to it hereunder during the life of the claim.

D. YORK acknowledges that execution of this Agreement does not guarantee that YORK will be assigned any particular number of Claims by PRINCIPAL.

IV. DUTIES OF YORK

A. YORK shall maintain sufficient staff with the necessary experience and management oversight. Adjusters assigned to Claims shall have a case load that allows proper attention to the work.

B. To the extent required by law, YORK shall utilize only licensed adjusters and licensed private investigators, where applicable and such adjusters and investigators shall in the rendering of their services conform to the provisions of all applicable laws, rules, orders or written interpretations issued by the applicable regulatory authorities.

C. YORK shall investigate, evaluate, negotiate, settle, or deny Claims within the standing authority granted to YORK from time to time by PRINCIPAL. YORK may

settle Claims in excess of its standing authority limits only with prior written approval of PRINCIPAL shall, in writing, promptly grant or deny upon YORK's request for authority.

D. Upon termination of this Agreement, all hard copy and electronic files shall be transferred to PRINCIPAL at PRINCIPAL'S expense.

E. YORK acknowledges that all of the Claims files in its possession are the property of PRINCIPAL and agrees to promptly provide access to or deliver any such file to PRINCIPAL, at PRINCIPAL'S expense, at any time upon PRINCIPAL'S request. In exchange for PRINCIPAL'S absolute right to obtain the Claims files, PRINCIPAL agrees that it shall not have the right to set off any sums claimed due from YORK against fees due YORK under this Agreement.

F. YORK expressly agrees to hold all funds and assets of PRINCIPAL that come into its control or possession during the term of this Agreement as a fiduciary of PRINCIPAL.

G. YORK shall make available, through YORK'S proprietary claims system, claim-related data with "web-enabled" access. PRINCIPAL will have "view only" access to the system. PRINCIPAL will bear its own hardware, software, connection and similar costs for accessing YORK'S electronic claims management system.

H. During the TERM of this Agreement and at all times that there are open Claims being handled by YORK, YORK shall fully cooperate with PRINCIPAL.

I. During the Term of this Agreement and thereafter until all Claims assigned hereunder are closed, YORK agrees to:

(1) Maintain in force a fidelity bond or equivalent insurance, such as Third Party Crime insurance, for the protection of PRINCIPAL, at a limit not less than one million dollars (\$1,000,000), to cover the risk of loss due to the wrongful conversion of any funds and assets of PRINCIPAL by YORK or its employees or independent contractors during the term of this Agreement. YORK shall maintain said bond or insurance for a period of two (2) years after the expiration of this Agreement;

(2) Maintain in force an errors and omissions policy, at a limit not less than one million dollars (\$1,000,000) per occurrence and to maintain coverage for a period of at least two (2) years after the expiration of the last contract with PRINCIPAL, or if the errors and omissions coverage is claims-made, YORK agrees that, for said two (2) year period, the "retro" date will not be later than the inception date of this Agreement;

(3) Maintain in force a general liability policy, which names PRINCIPAL as an Additional Insured and which provides limits not less than one million dollars (\$1,000,000) per occurrence, two million dollars (\$2,000,000) aggregate and two million dollars (\$2,000,000) products/completed operations aggregate;

(4) Maintain in force a workers' compensation and employers liability policy, which provides coverage to employees of YORK at limits not less than one million dollars (\$1,000,000);

(5) Maintain in force an automobile liability policy, which names PRINCIPAL as an additional insured and which provides a limit of no less than one million dollars (\$1,000,000);

(6) Provide that the aforementioned policies contain a waiver of subrogation in favor of PRINCIPAL.

J. YORK shall notify PRINCIPAL'S insurer of all claims which may affect the insurer's coverage in excess of PRINCIPAL'S Self-Insured Retention layer in accordance with the instructions of PRINCIPAL'S insurer as provided to YORK pursuant to Section V. (A) of this Agreement.

K. Notwithstanding anything to the contrary contained herein, and to the extent applicable, YORK agrees to comply with all obligations imposed upon it by law.

V. DUTIES OF PRINCIPAL

A. PRINCIPAL shall promptly provide YORK with such information as YORK may require, including, but not limited to, any copy of documents describing its self-insured workers' compensation program, and all amendments thereto including but not limited to documents submitted to any governmental tribunals for approval of the Program, as well as incident reports and information related thereto in PRINCIPAL'S possession and otherwise cooperate with YORK in carrying out YORK'S tasks hereunder.

B. Upon receipt of loss notices, PRINCIPAL shall promptly assign the loss to YORK.

C. PRINCIPAL shall promptly make funds available for Claim and Loss Adjustment expense payments with respect to claims referred to YORK and respond to YORK'S requests to issue checks in payment of Claims and such checks shall be distributed in accordance with PRINCIPAL'S Claims processing procedures. Alternatively, PRINCIPAL may direct that YORK open and maintain an escrow account to pay Claims and Loss Adjustment Expenses with Funds provided by PRINCIPAL as

required for that purpose. All bank charges associated with these accounts shall be borne by PRINCIPAL. Any interest earned on funds in such accounts may be used by YORK to defray administrative expenses.

D. PRINCIPAL shall provide YORK with training materials, along with initial and subsequent training on PRINCIPAL'S forms and other documents affecting PRINCIPAL'S obligations which are provided to YORK and any written interpretation thereof issued by PRINCIPAL or any applicable regulatory body. During the term of this Agreement and at all times that there are open Claims being handled by YORK, PRINCIPAL shall fully cooperate with YORK.

E. PRINCIPAL covenants and agrees that PRINCIPAL, its employees, agents or independent contractors, will not misuse the information contained within the Claims files. PRINCIPAL further covenants and agrees to maintain the confidentiality of the information contained within the Claims files, as required by applicable State and Federal law and regulations.

VI. SYSTEMS AND DATA PROCESSING

A. Although YORK authorizes PRINCIPAL to use or have access to its Systems in performance of Claims Administration Services enumerated in this Agreement, this does not license YORK'S system to PRINCIPAL nor shall PRINCIPAL have intellectual property rights to the Systems, or additions YORK makes to its Systems during and/or in the course of YORK'S performance under this Agreement, whether or not such improvements or additions were made at the suggestions, request or direction of PRINCIPAL. Notwithstanding the foregoing, the data entered or maintained thereon pursuant to this Agreement is the property of PRINCIPAL.

B. This Agreement grants to the PRINCIPAL no right to possess or reproduce all or any part of the Systems used, owned or controlled by YORK performing all or any part of Claims Administration Services and PRINCIPAL covenants that it shall not do so.

C. YORK expressly agrees that claim-related data generated and/or maintained in connection with this Agreement or any Exhibit hereto shall be and remain the sole property of PRINCIPAL and YORK shall have no right, title, or interest in such data other than such rights necessary to perform Claim Administration Services.

VII. COMPENSATION

A. YORK shall be entitled to receive and PRINCIPAL shall be obligated to pay only such fees, allowances, costs, reimbursements, or other compensation as are specified as follows:

PRINCIPAL shall pay YORK the following compensation:

1. Annual Flat Administration Fee – PRINCIPAL agrees to pay YORK a flat annual fee of thirty-three thousand and five hundred dollars (\$33,500.00), payable at \$8,375 per quarter in advance for year one (2015-2016) with an annual increase of the greater of CPI or two percent (2%).

2. TERMS OF COMPENSATION

B. PRINCIPAL shall pay YORK fees due under VII. A of this Agreement no later than thirty (30) days after PRINCIPAL'S receipt of YORK'S invoice as rendered from time to time. Timely payment is an express condition of YORK'S obligations hereunder.

VIII. AUDIT

A. YORK shall maintain books, records, reports and other documents, in electronic or other format reasonably acceptable to PRINCIPAL relating to its Claims Administration Services performed under this Agreement. All such records and documents pertaining to Claims and the services rendered by York shall be the property of PRINCIPAL and be open for inspection, audit and copying, at PRINCIPAL'S expense, by PRINCIPAL and its agents or their representatives during all regular business hours with reasonable prior notice to YORK. YORK shall cooperate fully with all such agents or other representatives of PRINCIPAL during audits or examinations conducted by PRINCIPAL or its agents. Auditors shall sign a nondisclosure/confidentiality agreement provided by YORK.

B. The contractor agrees to the disclosure of all information and reports resulting from access to the records pursuant to the subsection above. Where the audit concerns a contractor, the auditing agency will afford YORK an opportunity for an audit exit conference and an opportunity to comment on the pertinent portions of the draft audit report. The final audit report will include written comments, if any, of the audited parties.

C. At any time during the Term of this Agreement, or thereafter, provided PRINCIPAL is not in default under this Agreement, PRINCIPAL may conduct, or cause to have conducted, an audit of YORK'S operations to determine whether YORK has performed its obligations hereunder in compliance with this Agreement.

D. Audits pursuant to this Section VIII shall be conducted in a manner that does not interfere with YORK'S daily operations.

IX. CONFIDENTIALITY

A. Both parties hereto acknowledge and agree that PRINCIPAL'S information, data and documentation, including but not limited to, non-public and personal information subject to the provisions of the Gramm-Leach-Bliley Act, 15 U.S.C. Subchapter 1, Sections 6801-6809 et. Seq., personal health information under the Health Insurance Portability and Accountability Act 42 U.S.C. 1301 et. seq., and further including, without limitation, all information, data and documentation related to manuals, lists, policyholder information, operating and other systems, business practices and procedures, any information regarding insureds insurance policies, claimants, and Claims, any business, governmental or regulatory matters of PRINCIPAL, and other information furnished to or obtained by YORK, pursuant to or in connection with this Agreement or in connection with the Services to be rendered, may be confidential ("Confidential Information"). YORK shall not divulge, disclose or use the Confidential Information except for purposes of this Agreement, or as may be expressly agreed in writing by the parties, or as may otherwise be required or directed by applicable law or judicial process. This Section IX shall survive the termination of this Agreement, regardless of the reason for termination.

B. During the Term of this Agreement, and after its termination for any reason, PRINCIPAL shall have the right to request in writing and receive from YORK either: (i) the immediate return or (ii) confirmation of the immediate destruction of any tangible records, documents, e-mails, computer files, CDs, disks, and any other tangible item that contains, represents, or otherwise includes any Confidential Information of PRINCIPAL. In addition, PRINCIPAL shall have the right, during the Term of this Agreement and after its termination, to request that YORK permanently delete and destroy any Confidential Information contained in any computers, hard drives, servers or other data storage systems of YORK. YORK agrees that PRINCIPAL may seek an injunction by a court of competent jurisdiction enjoining YORK from violating any terms of this Agreement or the confidentiality and non-use provisions of this Section IX. Injunctive relief shall be in addition to any other remedies that PRINCIPAL may have under the law. Notwithstanding the foregoing, YORK may retain a record copy of Claims files and the data therein, for accounting, insurance and similar purposes. YORK shall secure said record copy against improper use or disclosure.

C. YORK acknowledges and agrees that any Confidential Information disclosed to, or acquired by it is disclosed and/or acquired solely for the purposes of facilitating the provision of the services to be rendered by YORK for and on behalf of PRINCIPAL. YORK shall be solely responsible for informing its employees, officers and directors of the provisions of the Section and for any acts of its employees, officers or directors that violate the provisions of the Section.

D. Notwithstanding the foregoing, PRINCIPAL agrees that information used for adjusting claims is not subject to statutory or regulatory restrictions against disclosure for that purpose.

X. INDEMNIFICATION

A. YORK agrees to indemnify, defend and hold harmless PRINCIPAL and PRINCIPAL directors, officers, employees, and agents, from and against any and all causes of action, claims, damage, loss, costs and expenses (including, without limitation, fines, damages, liabilities, liens, losses, costs and expenses, including reasonable attorney's fees and litigation expenses) incurred by PRINCIPAL or any of PRINCIPAL directors, officers, attorneys, employees and agents by reason and to the extent of any material breach of this Agreement by YORK, or by reason and to the extent of any negligent, or otherwise wrongful act or omission of YORK or of its officers, directors, attorneys, employees or agents.

B. PRINCIPAL agrees to indemnify, defend and hold harmless YORK and its directors, officers, employees and agents from and against any and all causes of action, claims, damage, loss, costs and expenses (including, without limitation, fines, damages, liabilities, liens, losses, costs and expenses, including reasonable attorneys' fees and litigation expenses) incurred by YORK and its directors, officers, employees and agents, to the extent such cause of action, claim, damage, loss, cost or expense is not attributable to the negligent or otherwise wrongful act or omission of YORK.

C. The above defense, indemnification and hold harmless undertakings shall survive the termination of this Agreement.

D. PRINCIPAL acknowledges that YORK has been engaged to provide professional services and that it is not the intent of the parties that YORK assumes any insurance risk. The parties agree that the foregoing defense, indemnification and hold harmless undertakings represent a reasonable allocation of commercial risk between parties.

XI. BREACH AND TERMINATION

A. If a material breach by either party of this Agreement occurs, the non-breaching party shall identify the breach by delivery of written notice thereof to the breaching party.

B. Upon delivery of written notification of breach, the breaching party shall have a period of fifteen (15) business days or an agreed upon date made within the fifteen (15) business days within which time the breaching party shall cure the breach. Should the breaching party fail to fully cure the breach within the designated time frame,

the non-breaching party may terminate this Agreement by delivery of thirty (30) days written notice of termination to the breaching party. Any notice of breach or termination shall be delivered pursuant to Section XII. A hereto.

C. This Agreement may be terminated by a party without the necessity of any notice or right to cure, upon the occurrence of any of the following events:

(1) The expiration of the Term set forth in Section II or any renewal thereof;

(2) The commencement of bankruptcy, insolvency or conservatorship proceedings by the other party, or, if such proceedings are brought against the other party, the other party's failure to have such proceedings dismissed within 45 days.

D. Either party may, without reason, terminate this Agreement with at least sixty (60) days prior written notice to the other party.

E. YORK may terminate this Agreement and discontinue Services immediately upon notice to PRINCIPAL, if PRINCIPAL fails to maintain sufficient balances in the escrow account to properly and adequately fund daily maintenance and indemnity needs, as well as settlement of Claims and any Loss Adjustment Expense. At no time shall YORK be liable or obligated to make any payments, out of YORK'S own funds, of any type or character on behalf of PRINCIPAL, including benefits PRINCIPAL is legally required to provide to its employees.

XII. EQUITABLE ADJUSTMENT

A. PRINCIPAL shall have the right to direct YORK to perform additional services or to perform services in a specific or different way.

B. This Agreement contemplates that the standards applicable to this Agreement are those in effect on the date of this Agreement, whether such standards are set forth in statutes, regulations, rules, orders, case laws or otherwise.

C. In the event of a directive from PRINCIPAL as set forth in Section XII. A or a change in a standard as set forth in Section XII B., YORK shall be entitled to an equitable adjustment in its compensation if such directive or change increases YORK'S cost of providing the services YORK renders under this Agreement.

XIII. GENERAL

A. YORK shall not be liable or deemed to be in default for any delay or failure in performance under this Agreement or any Exhibit of this Agreement, or any interruption of Claims Administration Services resulting, directly or indirectly, from acts

of God, civil or military authority, or any similar cause beyond the reasonable control of YORK for as long as such condition exists. YORK shall give immediate notice to PRINCIPAL of any delay or failure in performance or of any interruption of Claims Administration Services that has or may occur as soon as YORK becomes aware of such events.

B. If any dispute or claim arises hereunder that the parties are not able to resolve amicably, the parties agree and stipulate that such litigation shall be resolved in the Superior Court in the State of California. In the event of a dispute between the parties resulting in litigation, the prevailing party may, in addition to any other relief obtained, recover its court costs and reasonable attorney's fees.

C. All notices which are required to be given or submitted pursuant of this Agreement shall be in writing and shall be transmitted or delivered by certified mail, return receipt requested or by a commercial overnight delivery service to the parties at the addresses set forth below, or to such other addresses as a party may, by notice, specify:

Notices to YORK shall be delivered to:

York Risk Services Group, Inc.
333 City Boulevard West, Suite 1500
Orange, CA 92868
Attention: Jody A. Gray, SR. VP

York Risk Services Group, Inc.
99 Cherry Hill Road
Parsippany, New Jersey 07054
Attn: General Counsel

Notices to PRINCIPAL shall be delivered to :

City of Beaumont
550 East 6th Street
Beaumont, CA 92223
Attention: _____

D. This Agreement and any Exhibit or Schedule made a part hereof constitute the entire Agreement between the parties and supersedes and merges any and all prior discussions, representations, negotiations, correspondence, writing, and other agreements and together states the entire understanding and agreement between PRINCIPAL and YORK with respect to Claims Administration Services to be provided hereunder. Except for unilateral changes made by the PRINCIPAL pursuant to Section XII, for which YORK shall, be entitled to an equitable adjustment in its compensation this Agreement may be amended or modified only in writing if agreed to and signed by PRINCIPAL and YORK and shall be construed, performed and enforced in all respects in accordance with the laws of the State of California.

E. No party hereto shall be deemed to have waived any rights or remedies accruing to it hereunder unless such waiver is in writing and signed by such party. No delay or omission by either party hereto in exercising any right shall operate as a waiver of said right on any future occasion. All rights and remedies hereunder shall be cumulative and may be exercised singularly or concurrently.

F. The descriptive headings of this Agreement are intended for reference only and shall not affect the construction or interpretation of this Agreement.

G. Wherever the singular of any term is used herein it shall be deemed to include the plural wherever the plural thereof may be applicable.

H. No party may assign its rights or obligations under this Agreement; provided, however, that YORK may subcontract all or part of the Services required hereunder with PRINCIPAL'S written consent, (which consent shall not be unreasonably delayed or withheld) and may at its discretion delegate to a subsidiary such of its duties as it deems appropriate, provided that such subcontracting or delegation shall not relieve YORK of any of its obligations hereunder.

I. It is expressly understood and agreed that the relationship of YORK to PRINCIPAL shall be that of an independent contractor at all times, and nothing herein shall constitute either the YORK or PRINCIPAL as the partner, agent, or legal representative of the other, for any purpose whatsoever, except to the extent that YORK is the agent of PRINCIPAL for the purpose of adjusting claims. YORK shall have no right or authority to bind or obligate PRINCIPAL with respect to any matter that is not specifically provided for in this Agreement without the prior approval of PRINCIPAL. All employees or agents of YORK performing duties hereunder for YOUR shall be solely and exclusively under the direction and control of YORK and shall not be deemed employees of PRINCIPAL.

J. Nothing in this Agreement is intended to require YORK to engage in the practice of law.

K. PRINCIPAL shall not utilize YORK'S trade names, logos, trademarks, service marks or other identification in any press release, advertisement, marketing materials, promotional literature, article, presentation or other type of communication without the prior written consent of YORK, which consent may be withheld or denied in YORK'S sole discretion.

L. PRINCIPAL shall not hire any employee of YORK or induce any employee of YORK to terminate his or her employment (or encourage, and aid or abet any third party to do the same) at any time during which this Agreement or any extension or renewal thereof is in effect and for a period of twelve (12) months thereafter.

PRINCIPAL agrees and acknowledges that YORK has invested time and resources in training its personnel and familiarizing them with PRINCIPAL'S account and that YORK will suffer harm, the extent of which is difficult to quantify, should PRINCIPAL directly or indirectly cause YORK'S employee to terminate their employment with YORK. Therefore, in the event that PRINCIPAL violates this provision, PRINCIPAL shall be liable to YORK for liquidated damages in a sum equal to the employee's salary for two (2) years based on the employee's salary over the two (2) months prior to the termination of that employee's employment with YORK. Notwithstanding the foregoing for purposes of this paragraph "YORK'S employee" shall mean an employee of YORK who has adjusted claims of PRINCIPAL pursuant to YORK'S work for PRINCIPAL under the Agreement.

IN WITNESS WHEREOF, the parties hereto have read and signed this Agreement as dated below and the Agreement is effective as of July 1, 2015.

YORK RISK SERVICES GROUP, INC.

CITY OF BEAUMONT

BY: _____

BY: Brenda Knight

Jody A. Gray

Printed Name: Brenda Knight

Senior Vice President

Printed Title: Mayer

Date: _____

Date: 6-22-15

Agenda Item # 4.9**Staff Report**

TO: Mayor and Members of the City Council

THROUGH: Acting City Manager
 FROM: Administrative Services
 DATE: June 16, 2015

SUBJECT: Restoration of In-House Self Insurance Worker's Compensation Program.

OPTIONS: The City Council of the City of Beaumont may:

1. Approve or Deny Third Party Claims Administration Agreement with York Risk Services Group, Inc. ;
2. Approve or Deny Joint Powers Agreement Creating the CSAC Excess Insurance Authority;
3. Approve or Deny CSAC Excess Insurance Authority Memorandum of Understanding Excess Workers' Compensation Program.

ACTIONS / FUTURE ACTIONS

- 1) Receive staff report.

SUMMARY

Following the dissolution of PASIS, it is recommended that the City Council authorize the restoration of the City's In-House Self-Insurance Workers' Compensation Program by approving the following contracts and agreements:

1. Third Party Claims Administration Agreement with York Risk Services Group, Inc.
2. Joint Powers Agreement Creating the CSAC Excess Insurance Authority
3. CSAC Excess Insurance Authority Memorandum of Understanding Excess Workers' Compensation Program

BACKGROUND

On November 1, 1986, the State of California Department of Industrial Relations issued Certificate of Consent to Self-Insure No. P-1987 to the City of Beaumont. This Certificate allows the City to self-insure its workers' compensation risks.

In the 1990's, the City of Beaumont joined other public agencies to form PASIS through a joint powers agreement for the purpose of insuring and administering the workers' compensation risks of the member agencies. PASIS was a banking plan wherein each member agency was

obligated to pay its costs up to that member’s self-insurance retention. PASIS provided cost savings through the group purchase of claims administration services and excess workers’ compensation insurance.

The City’s current self-insured retention (i.e. similar to a deductible) is \$300,000 per claim through PASIS. PASIS joint purchases workers’ compensation claims administration services through York Risk Services Group, Inc. (“York”) PASIS purchases excess workers’ compensation insurance from the CSAC Excess Insurance Authority (“CSAC”).

In the spring of this year, the remaining two members of PASIS, the City and the Rancho Cucamonga Fire Authority, elected to dissolve PASIS. As a result of this action, the City is required to re-establish its in-house workers compensation program. Given the short timeframe given to re-establish this program, staff sought proposals from existing PASIS contractors to allow for a smooth transition to an in-house program and afford an opportunity during the next fiscal year to review alternative programs.

Both York and CSAC have offered terms for claims administration services and excess insurance that mirror existing products provided to the City through PASIS, respectively.

CLAIMS ADMINISTRATION SERVICES PROPOSAL

The proposed contract from York provides for a 5- year term subject to termination by either party with at least sixty (60) days prior written notice to the other party. York proposes to administer all City workers’ compensation claims and provide all regulatory filings required of self-insured agencies including the filing of the Annual Self Insurer’s Report with the State.

York proposes to provide these services for a flat fee of \$33,500 per year payable at \$8,375 per quarter in advance with an annual increase of the greater of the CPI or 2% per year upon the anniversary date of the Agreement. The current amount paid to York by the City through PASIS is estimated at \$145,500.00

York is an approved provider of claims administration services by CSAC, the current excess workers’ compensation provider. York provides administration of all Medical Provider Network and medical bill auditing services. Their regional Inland Empire offices are located in Upland.

York is currently the depository of all the workers’ compensation claims financial data. A change in providers would require a transfer of this data to a new provider’s data system. This type of change will require payment of additional conversion fees which in some instances can be quite costly.

EXCESS WORKERS’ COMPENSATION INSURANCE

The City, through PASIS, currently insures all claims in excess of the City’s \$300,000 self-insured retention through the CSAC Excess Workers’ Compensation Program. In order for the City to participate in the CSAC program, the City Council must first become a member of the CSAC Excess Insurance Authority by adopting the Joint Powers Agreement and thereafter can

join the Excess Workers' Compensation Program by adopting the CSAC Memorandum of *Understanding Excess Workers' Compensation Program*.

As of January 28, 2015, over 200 California public agencies had adopted the CSAC JPA Agreement becoming members of the CSAC Excess Insurance Authority. CSAC provides a multitude of insurance and safety services to its membership. CSAC is a well respected insurance and risk retention program.

The CSAC Excess Workers' Compensation Program is funded by annual premiums from members' participating in the program. The premium is based upon the expected losses during the policy period including claims that have occurred but have yet to be reported. In addition, using actuarial studies, the premium is increased to ensure adequate funding of the losses in that particular year. Administrative costs are generally equal to the member's percentage of the total pool contribution and reinsurance premiums.

Attached for Council's consideration is the proposal for excess workers' compensation insurance from CSAC. The core terms are as follows:

TERM:	July 1, 2015 – July 1, 2016
LIMITS:	Statutory limit for workers' compensation claims \$5 million for Employer's Liability
SIR:	\$300,000
MAJOR EXCLUSIONS:	Punitive or exemplary damages, fines or penalties LC 4850 Payments in excess of benefits provided by Law
PREMIUM:	\$126,576

FISCAL IMPACT

TOTAL COST FOR FY 15/16 (EXCESS WORKER'S COMPENSATION COVERAGE AND CLAIMS ADMINISTRATION): \$160,076.

PREVIOUS YEAR COST FOR EXCESS WORKER'S COMPENSATION COVERAGE AND CLAIMS ADMINISTRATION: \$159,225 (SEE BREAKDOWN BELOW):

FY 2013/14 payments to PASIS- \$13,725.

From August 2014- May 2015 the total amount paid to York through PASIS- \$145,500.

EXPECTED INCREASE OF \$851.00 IN FY 15/16 FOR WORKER'S COMPENSATION EXCESS COVERAGE AND CLAIMS ADMINISTRATION



CITY OF BEAUMONT

August 7, 2015

York Risk Services Group, Inc

RE: Agreement for Workers Compensation
Claims Administration Services

To whom it may concern:

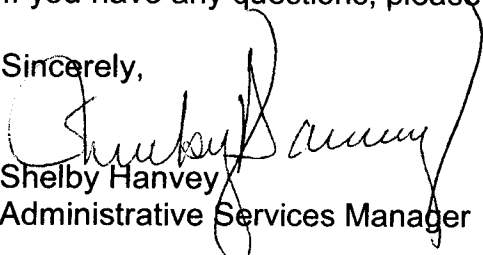
Enclosed please find two original, executed copies of the above reference agreement which was approved at the Regular City Council Meeting of August 4, 2015.

Please execute both originals, retain one for your files, and return one for our files, to the following address:

**City of Beaumont
Shelby Harvey
550 e. 6th Street
Beaumont, Ca 92223**

If you have any questions, please feel free to contact us at your convenience.

Sincerely,


Shelby Harvey
Administrative Services Manager

AGREEMENT FOR WORKERS COMPENSATION

CLAIMS ADMINISTRATION SERVICES

This Agreement (the "Agreement") is effective as of the 1st day of July 2015 (the "Effective Date") between City of Beaumont, ("PRINCIPAL"), a public entity, organized under the laws of the California, having offices at 550 E. 6th Street, Beaumont, Ca 92223, and YORK RISK SERVICES GROUP, INC., ("YORK"), a New York corporation with its principal place of business at 99 Cherry Hill Road, Parsippany, New Jersey 07054.

WHEREAS, PRINCIPAL desires to provide Claims Administration Services on claims arising out of PRINCIPAL'S self-insured workers' compensation program (the "Program") during the term of this Agreement; and

WHEREAS, YORK desires to be retained by PRINCIPAL pursuant to the terms and provisions of this Agreement to provide Claims Administration Services on claims arising out of the Program during the term of this Agreement; and

WHEREAS, YORK, by entering into this Agreement, shall be obligated to provide Claims Administration Services to PRINCIPAL on the terms and conditions set forth herein;

NOW THEREFORE, for and in consideration of the promises set forth hereinabove, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, YORK and PRINCIPAL agree as follows:

I. DEFINITIONS

- A. "PRINCIPAL" shall mean City of Beaumont.
- B. "CLAIMS ADMINISTRATION SERVICES" shall include the administration, adjustment, management, and oversight of claims arising out of PRINCIPAL'S self-insured workers' compensation program.

CLAIMS ADMINISTRATION SERVICES shall also include, but not limited to, the following services:

- 1. Providing supervision of the loss adjustment process;
- 2. Determining and implementing appropriate claims practices to adjust assigned claims in accordance with YORK'S established practices;
- 3. Adhering to high standards of professional conduct;

4. Adjusting and managing assigned claims to assure that PRINCIPAL and claimants receive high quality service;
5. Establishing, monitoring and timely revisions of case reserves;
6. Settling claims within the applicable coverage terms and conditions;
7. Maintaining current knowledge of applicable adjustment practices and procedures, local practices, applicable insurance coverage, court decisions, current guidelines in the claims function, and Program changes and modifications (as advised by PRINCIPAL);
8. Assisting in the preparation of claims for suit, hearing, trial, or subrogation as appropriate;
9. Acting as PRINCIPAL'S liaison with medical personnel, first notice of loss reporting services and defense counsel;
10. Reviewing bills of service providers;
11. Preparing and submitting status and administrative reports in accordance with YORK's established practices;
12. Preserving subrogation rights and overseeing subrogation recovery.

C. "CLAIMS" shall mean claims, arising under the Program and which are referred to YORK for adjusting during the term of this Agreement.

D. "INFORMATION" or "CONFIDENTIAL INFORMATION" shall mean documentation, data or information relevant to PRINCIPAL or claimant that is created by YORK or that comes into its possession as a result of the rendering of services by YORK to PRINCIPAL, pursuant to the Agreement.

E. "CONFIDENTIAL INFORMATION" is information not publicly available and includes, without limitation, the work product, investigation materials, trial preparation materials including but not limited to opinions and mental impressions of YORK personnel, communications with defense and coverage counsel and non-public personal information of insureds.

F. "LOSS ADJUSTMENT EXPENSE" shall mean, in addition to fees to be paid in accordance with items listed or inferred herein Agreement, all reasonable expenses necessary to the adjustment of a claim in accordance with this Agreement, including but not limited to, legal fees, court costs and fees for court reporters, expert witnesses, investigation, photocopies, subpoenas, photographs, maps, accounting, chemical or physical analysis, independent medical exams or other evaluations, depositions, appraisal fees and expenses, bill review, utilization review and any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss or subrogation actions. YORK may, but need not, elect to utilize its own staff to perform these services.

G. "SYSTEMS" shall mean severally or collectively, YORK's proprietary claims handling system.

II. TERM OF AGREEMENT

The term of this Agreement shall commence on July 1, 2015 and shall continue until and through June 30, 2020 (the "TERM"). This Agreement will be deemed extended to cover each additional claim that PRINCIPAL refers to YORK after the end of the aforesaid period (subject to the extensions as aforesaid) and which YORK accepts for handling.

III. CLAIMS ADMINISTRATION SERVICES (the "Services")

PRINCIPAL hereby retains YORK to provide Claims Administration Services, as set forth in this Agreement, including any Exhibits attached hereto, for the Claims that arise out of PRINCIPAL'S self-insured workers compensation program and that are assigned by PRINCIPAL to YORK.

A. The Services to be rendered by YORK shall be in conformance with the requirements and provisions of this Agreement together with all applicable rules, orders, and interpretations issued by the applicable regulatory authorities as of the date hereof.

B. YORK acknowledges its obligation to comply with all applicable statutes and any rules or regulations of the applicable regulatory authorities.

C. YORK shall perform Claims Administration Services for each Claim assigned to it hereunder during the life of the claim.

D. YORK acknowledges that execution of this Agreement does not guarantee that YORK will be assigned any particular number of Claims by PRINCIPAL.

IV. DUTIES OF YORK

A. YORK shall maintain sufficient staff with the necessary experience and management oversight. Adjusters assigned to Claims shall have a case load that allows proper attention to the work.

B. To the extent required by law, YORK shall utilize only licensed adjusters and licensed private investigators, where applicable and such adjusters and investigators shall in the rendering of their services conform to the provisions of all applicable laws, rules, orders or written interpretations issued by the applicable regulatory authorities.

C. YORK shall investigate, evaluate, negotiate, settle, or deny Claims within the standing authority granted to YORK from time to time by PRINCIPAL. YORK may

settle Claims in excess of its standing authority limits only with prior written approval of PRINCIPAL shall, in writing, promptly grant or deny upon YORK's request for authority.

D. Upon termination of this Agreement, all hard copy and electronic files shall be transferred to PRINCIPAL at PRINCIPAL'S expense.

E. YORK acknowledges that all of the Claims files in its possession are the property of PRINCIPAL and agrees to promptly provide access to or deliver any such file to PRINCIPAL, at PRINCIPAL'S expense, at any time upon PRINCIPAL'S request. In exchange for PRINCIPAL'S absolute right to obtain the Claims files, PRINCIPAL agrees that it shall not have the right to set off any sums claimed due from YORK against fees due YORK under this Agreement.

F. YORK expressly agrees to hold all funds and assets of PRINCIPAL that come into its control or possession during the term of this Agreement as a fiduciary of PRINCIPAL.

G. YORK shall make available, through YORK'S proprietary claims system, claim-related data with "web-enabled" access. PRINCIPAL will have "view only" access to the system. PRINCIPAL will bear its own hardware, software, connection and similar costs for accessing YORK'S electronic claims management system.

H. During the TERM of this Agreement and at all times that there are open Claims being handled by YORK, YORK shall fully cooperate with PRINCIPAL.

I. During the Term of this Agreement and thereafter until all Claims assigned hereunder are closed, YORK agrees to:

(1) Maintain in force a fidelity bond or equivalent insurance, such as Third Party Crime insurance, for the protection of PRINCIPAL, at a limit not less than one million dollars (\$1,000,000), to cover the risk of loss due to the wrongful conversion of any funds and assets of PRINCIPAL by YORK or its employees or independent contractors during the term of this Agreement. YORK shall maintain said bond or insurance for a period of two (2) years after the expiration of this Agreement;

(2) Maintain in force an errors and omissions policy, at a limit not less than one million dollars (\$1,000,000) per occurrence and to maintain coverage for a period of at least two (2) years after the expiration of the last contract with PRINCIPAL, or if the errors and omissions coverage is claims-made, YORK agrees that, for said two (2) year period, the "retro" date will not be later than the inception date of this Agreement;

(3) Maintain in force a general liability policy, which names PRINCIPAL as an Additional Insured and which provides limits not less than one million dollars (\$1,000,000) per occurrence, two million dollars (\$2,000,000) aggregate and two million dollars (\$2,000,000) products/completed operations aggregate;

(4) Maintain in force a workers' compensation and employers liability policy, which provides coverage to employees of YORK at limits not less than one million dollars (\$1,000,000);

(5) Maintain in force an automobile liability policy, which names PRINCIPAL as an additional insured and which provides a limit of no less than one million dollars (\$1,000,000);

(6) Provide that the aforementioned policies contain a waiver of subrogation in favor of PRINCIPAL.

J. YORK shall notify PRINCIPAL'S insurer of all claims which may affect the insurer's coverage in excess of PRINCIPAL'S Self-Insured Retention layer in accordance with the instructions of PRINCIPAL'S insurer as provided to YORK pursuant to Section V. (A) of this Agreement.

K. Notwithstanding anything to the contrary contained herein, and to the extent applicable, YORK agrees to comply with all obligations imposed upon it by law.

V. DUTIES OF PRINCIPAL

A. PRINCIPAL shall promptly provide YORK with such information as YORK may require, including, but not limited to, any copy of documents describing its self-insured workers' compensation program, and all amendments thereto including but not limited to documents submitted to any governmental tribunals for approval of the Program, as well as incident reports and information related thereto in PRINCIPAL'S possession and otherwise cooperate with YORK in carrying out YORK'S tasks hereunder.

B. Upon receipt of loss notices, PRINCIPAL shall promptly assign the loss to YORK.

C. PRINCIPAL shall promptly make funds available for Claim and Loss Adjustment expense payments with respect to claims referred to YORK and respond to YORK'S requests to issue checks in payment of Claims and such checks shall be distributed in accordance with PRINCIPAL'S Claims processing procedures. Alternatively, PRINCIPAL may direct that YORK open and maintain an escrow account to pay Claims and Loss Adjustment Expenses with Funds provided by PRINCIPAL as

required for that purpose. All bank charges associated with these accounts shall be borne by PRINCIPAL. Any interest earned on funds in such accounts may be used by YORK to defray administrative expenses.

D. PRINCIPAL shall provide YORK with training materials, along with initial and subsequent training on PRINCIPAL'S forms and other documents affecting PRINCIPAL'S obligations which are provided to YORK and any written interpretation thereof issued by PRINCIPAL or any applicable regulatory body. During the term of this Agreement and at all times that there are open Claims being handled by YORK, PRINCIPAL shall fully cooperate with YORK.

E. PRINCIPAL covenants and agrees that PRINCIPAL, its employees, agents or independent contractors, will not misuse the information contained within the Claims files. PRINCIPAL further covenants and agrees to maintain the confidentiality of the information contained within the Claims files, as required by applicable State and Federal law and regulations.

VI. SYSTEMS AND DATA PROCESSING

A. Although YORK authorizes PRINCIPAL to use or have access to its Systems in performance of Claims Administration Services enumerated in this Agreement, this does not license YORK'S system to PRINCIPAL nor shall PRINCIPAL have intellectual property rights to the Systems, or additions YORK makes to its Systems during and/or in the course of YORK'S performance under this Agreement, whether or not such improvements or additions were made at the suggestions, request or direction of PRINCIPAL. Notwithstanding the foregoing, the data entered or maintained thereon pursuant to this Agreement is the property of PRINCIPAL.

B. This Agreement grants to the PRINCIPAL no right to possess or reproduce all or any part of the Systems used, owned or controlled by YORK performing all or any part of Claims Administration Services and PRINCIPAL covenants that it shall not do so.

C. YORK expressly agrees that claim-related data generated and/or maintained in connection with this Agreement or any Exhibit hereto shall be and remain the sole property of PRINCIPAL and YORK shall have no right, title, or interest in such data other than such rights necessary to perform Claim Administration Services.

VII. COMPENSATION

A. YORK shall be entitled to receive and PRINCIPAL shall be obligated to pay only such fees, allowances, costs, reimbursements, or other compensation as are specified as follows:

PRINCIPAL shall pay YORK the following compensation:

1. Annual Flat Administration Fee – PRINCIPAL agrees to pay YORK a flat annual fee of thirty-three thousand and five hundred dollars (\$33,500.00), payable at \$8,375 per quarter in advance for year one (2015-2016) with an annual increase of the greater of CPI or two percent (2%).

2. TERMS OF COMPENSATION

B. PRINCIPAL shall pay YORK fees due under VII. A of this Agreement no later than thirty (30) days after PRINCIPAL'S receipt of YORK'S invoice as rendered from time to time. Timely payment is an express condition of YORK'S obligations hereunder.

VIII. AUDIT

A. YORK shall maintain books, records, reports and other documents, in electronic or other format reasonably acceptable to PRINCIPAL relating to its Claims Administration Services performed under this Agreement. All such records and documents pertaining to Claims and the services rendered by York shall be the property of PRINCIPAL and be open for inspection, audit and copying, at PRINCIPAL'S expense, by PRINCIPAL and its agents or their representatives during all regular business hours with reasonable prior notice to YORK. YORK shall cooperate fully with all such agents or other representatives of PRINCIPAL during audits or examinations conducted by PRINCIPAL or its agents. Auditors shall sign a nondisclosure/confidentiality agreement provided by YORK.

B. The contractor agrees to the disclosure of all information and reports resulting from access to the records pursuant to the subsection above. Where the audit concerns a contractor, the auditing agency will afford YORK an opportunity for an audit exit conference and an opportunity to comment on the pertinent portions of the draft audit report. The final audit report will include written comments, if any, of the audited parties.

C. At any time during the Term of this Agreement, or thereafter, provided PRINCIPAL is not in default under this Agreement, PRINCIPAL may conduct, or cause to have conducted, an audit of YORK'S operations to determine whether YORK has performed its obligations hereunder in compliance with this Agreement.

D. Audits pursuant to this Section VIII shall be conducted in a manner that does not interfere with YORK'S daily operations.

IX. CONFIDENTIALITY

A. Both parties hereto acknowledge and agree that PRINCIPAL'S information, data and documentation, including but not limited to, non-public and personal information subject to the provisions of the Gramm-Leach-Bliley Act, 15 U.S.C. Subchapter 1, Sections 6801-6809 et. Seq., personal health information under the Health Insurance Portability and Accountability Act 42 U.S.C. 1301 et. seq., and further including, without limitation, all information, data and documentation related to manuals, lists, policyholder information, operating and other systems, business practices and procedures, any information regarding insureds insurance policies, claimants, and Claims, any business, governmental or regulatory matters of PRINCIPAL, and other information furnished to or obtained by YORK, pursuant to or in connection with this Agreement or in connection with the Services to be rendered, may be confidential ("Confidential Information"). YORK shall not divulge, disclose or use the Confidential Information except for purposes of this Agreement, or as may be expressly agreed in writing by the parties, or as may otherwise be required or directed by applicable law or judicial process. This Section IX shall survive the termination of this Agreement, regardless of the reason for termination.

B. During the Term of this Agreement, and after its termination for any reason, PRINCIPAL shall have the right to request in writing and receive from YORK either: (i) the immediate return or (ii) confirmation of the immediate destruction of any tangible records, documents, e-mails, computer files, CDs, disks, and any other tangible item that contains, represents, or otherwise includes any Confidential Information of PRINCIPAL. In addition, PRINCIPAL shall have the right, during the Term of this Agreement and after its termination, to request that YORK permanently delete and destroy any Confidential Information contained in any computers, hard drives, servers or other data storage systems of YORK. YORK agrees that PRINCIPAL may seek an injunction by a court of competent jurisdiction enjoining YORK from violating any terms of this Agreement or the confidentiality and non-use provisions of this Section IX. Injunctive relief shall be in addition to any other remedies that PRINCIPAL may have under the law. Notwithstanding the foregoing, YORK may retain a record copy of Claims files and the data therein, for accounting, insurance and similar purposes. YORK shall secure said record copy against improper use or disclosure.

C. YORK acknowledges and agrees that any Confidential Information disclosed to, or acquired by it is disclosed and/or acquired solely for the purposes of facilitating the provision of the services to be rendered by YORK for and on behalf of PRINCIPAL. YORK shall be solely responsible for informing its employers, officers and directors of the provisions of the Section and for any acts of its employees, officers or directors that violate the provisions of the Section.

D. Notwithstanding the foregoing, PRINCIPAL agrees that information used for adjusting claims is not subject to statutory or regulatory restrictions against disclosure for that purpose.

X. INDEMNIFICATION

A. YORK agrees to indemnify, defend and hold harmless PRINCIPAL and PRINCIPAL directors, officers, employees, and agents, from and against any and all causes of action, claims, damage, loss, costs and expenses (including, without limitation, fines, damages, liabilities, liens, losses, costs and expenses, including reasonable attorney's fees and litigation expenses) incurred by PRINCIPAL or any of PRINCIPAL directors, officers, attorneys, employees and agents by reason and to the extent of any material breach of this Agreement by YORK, or by reason and to the extent of any negligent, or otherwise wrongful act or omission of YORK or of its officers, directors, attorneys, employees or agents.

B. PRINCIPAL agrees to indemnify, defend and hold harmless YORK and its directors, officers, employees and agents from and against any and all causes of action, claims, damage, loss, costs and expenses (including, without limitation, fines, damages, liabilities, liens, losses, costs and expenses, including reasonable attorneys' fees and litigation expenses) incurred by YORK and its directors, officers, employees and agents, to the extent such cause of action, claim, damage, loss, cost or expense is not attributable to the negligent or otherwise wrongful act or omission of YORK.

C. The above defense, indemnification and hold harmless undertakings shall survive the termination of this Agreement.

D. PRINCIPAL acknowledges that YORK has been engaged to provide professional services and that it is not the intent of the parties that YORK assumes any insurance risk. The parties agree that the foregoing defense, indemnification and hold harmless undertakings represent a reasonable allocation of commercial risk between parties.

XI. BREACH AND TERMINATION

A. If a material breach by either party of this Agreement occurs, the non-breaching party shall identify the breach by delivery of written notice thereof to the breaching party.

B. Upon delivery of written notification of breach, the breaching party shall have a period of fifteen (15) business days or an agreed upon date made within the fifteen (15) business days within which time the breaching party shall cure the breach. Should the breaching party fail to fully cure the breach within the designated time frame,

the non-breaching party may terminate this Agreement by delivery of thirty (30) days written notice of termination to the breaching party. Any notice of breach or termination shall be delivered pursuant to Section XII. A hereto.

C. This Agreement may be terminated by a party without the necessity of any notice or right to cure, upon the occurrence of any of the following events:

(1) The expiration of the Term set forth in Section II or any renewal thereof;

(2) The commencement of bankruptcy, insolvency or conservatorship proceedings by the other party, or, if such proceedings are brought against the other party, the other party's failure to have such proceedings dismissed within 45 days.

D. Either party may, without reason, terminate this Agreement with at least sixty (60) days prior written notice to the other party.

E. YORK may terminate this Agreement and discontinue Services immediately upon notice to PRINCIPAL, if PRINCIPAL fails to maintain sufficient balances in the escrow account to properly and adequately fund daily maintenance and indemnity needs, as well as settlement of Claims and any Loss Adjustment Expense. At no time shall YORK be liable or obligated to make any payments, out of YORK'S own funds, of any type or character on behalf of PRINCIPAL, including benefits PRINCIPAL is legally required to provide to its employees.

XII. EQUITABLE ADJUSTMENT

A. PRINCIPAL shall have the right to direct YORK to perform additional services or to perform services in a specific or different way.

B. This Agreement contemplates that the standards applicable to this Agreement are those in effect on the date of this Agreement, whether such standards are set forth in statutes, regulations, rules, orders, case laws or otherwise.

C. In the event of a directive from PRINCIPAL as set forth in Section XII. A or a change in a standard as set forth in Section XII B., YORK shall be entitled to an equitable adjustment in its compensation if such directive or change increases YORK'S cost of providing the services YORK renders under this Agreement.

XIII. GENERAL

A. YORK shall not be liable or deemed to be in default for any delay or failure in performance under this Agreement or any Exhibit of this Agreement, or any interruption of Claims Administration Services resulting, directly or indirectly, from acts

of God, civil or military authority, or any similar cause beyond the reasonable control of YORK for as long as such condition exists. YORK shall give immediate notice to PRINCIPAL of any delay or failure in performance or of any interruption of Claims Administration Services that has or may occur as soon as YORK becomes aware of such events.

B. If any dispute or claim arises hereunder that the parties are not able to resolve amicably, the parties agree and stipulate that such litigation shall be resolved in the Superior Court in the State of California. In the event of a dispute between the parties resulting in litigation, the prevailing party may, in addition to any other relief obtained, recover its court costs and reasonable attorney's fees.

C. All notices which are required to be given or submitted pursuant of this Agreement shall be in writing and shall be transmitted or delivered by certified mail, return receipt requested or by a commercial overnight delivery service to the parties at the addresses set forth below, or to such other addresses as a party may, by notice, specify:

Notices to YORK shall be delivered to:

York Risk Services Group, Inc. 333 City Boulevard West, Suite 1500 Orange, CA 92868 Attention: Jody A. Gray, SR. VP	York Risk Services Group, Inc. 99 Cherry Hill Road Parsippany, New Jersey 07054 Attn: General Counsel
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Notices to PRINCIPAL shall be delivered to :

City of Beaumont
550 East 6th Street
Beaumont, CA 92223
Attention: _____

D. This Agreement and any Exhibit or Schedule made a part hereof constitute the entire Agreement between the parties and supersedes and merges any and all prior discussions, representations, negotiations, correspondence, writing, and other agreements and together states the entire understanding and agreement between PRINCIPAL and YORK with respect to Claims Administration Services to be provided hereunder. Except for unilateral changes made by the PRINCIPAL pursuant to Section XII, for which YORK shall, be entitled to an equitable adjustment in its compensation this Agreement may be amended or modified only in writing if agreed to and signed by PRINCIPAL and YORK and shall be construed, performed and enforced in all respects in accordance with the laws of the State of California.

E. No party hereto shall be deemed to have waived any rights or remedies accruing to it hereunder unless such waiver is in writing and signed by such party. No delay or omission by either party hereto in exercising any right shall operate as a waiver of said right on any future occasion. All rights and remedies hereunder shall be cumulative and may be exercised singularly or concurrently.

F. The descriptive headings of this Agreement are intended for reference only and shall not affect the construction or interpretation of this Agreement.

G. Wherever the singular of any term is used herein it shall be deemed to include the plural wherever the plural thereof may be applicable.

H. No party may assign its rights or obligations under this Agreement; provided, however, that YORK may subcontract all or part of the Services required hereunder with PRINCIPAL'S written consent, (which consent shall not be unreasonably delayed or withheld) and may at its discretion delegate to a subsidiary such of its duties as it deems appropriate, provided that such subcontracting or delegation shall not relieve YORK of any of its obligations hereunder.

I. It is expressly understood and agreed that the relationship of YORK to PRINCIPAL shall be that of an independent contractor at all times, and nothing herein shall constitute either the YORK or PRINCIPAL as the partner, agent, or legal representative of the other, for any purpose whatsoever, except to the extent that YORK is the agent of PRINCIPAL for the purpose of adjusting claims. YORK shall have no right or authority to bind or obligate PRINCIPAL with respect to any matter that is not specifically provided for in this Agreement without the prior approval of PRINCIPAL. All employees or agents of YORK performing duties hereunder for YOUR shall be solely and exclusively under the direction and control of YORK and shall not be deemed employees of PRINCIPAL.

J. Nothing in this Agreement is intended to require YORK to engage in the practice of law.

K. PRINCIPAL shall not utilize YORK'S trade names, logos, trademarks, service marks or other identification in any press release, advertisement, marketing materials, promotional literature, article, presentation or other type of communication without the prior written consent of YORK, which consent may be withheld or denied in YORK'S sole discretion.

L. PRINCIPAL shall not hire any employee of YORK or induce any employee of YORK to terminate his or her employment (or encourage, and aid or abet any third party to do the same) at any time during which this Agreement or any extension or renewal thereof is in effect and for a period of twelve (12) months thereafter.

PRINCIPAL agrees and acknowledges that YORK has invested time and resources in training its personnel and familiarizing them with PRINCIPAL'S account and that YORK will suffer harm, the extent of which is difficult to quantify, should PRINCIPAL directly or indirectly cause YORK'S employee to terminate their employment with YORK. Therefore, in the event that PRINCIPAL violates this provision, PRINCIPAL shall be liable to YORK for liquidated damages in a sum equal to the employee's salary for two (2) years based on the employee's salary over the two (2) months prior to the termination of that employee's employment with YORK. Notwithstanding the foregoing for purposes of this paragraph "YORK'S employee" shall mean an employee of YORK who has adjusted claims of PRINCIPAL pursuant to YORK'S work for PRINCIPAL under the Agreement.

IN WITNESS WHEREOF, the parties hereto have read and signed this Agreement as dated below and the Agreement is effective as of July 1, 2015.

YORK RISK SERVICES GROUP, INC.

BY: _____

Jody A. Gray

Senior Vice President

Date: _____

CITY OF BEAUMONT

BY: Brenda Knight

Printed Name: Brenda Knight

Printed Title: Mayor

Date: August 7, 2015

Agenda Item # 8.h**Staff Report**

TO: Mayor and Members of the City Council

THROUGH: Acting City Manager
 FROM: Administrative Services
 DATE: August 4, 2015

SUBJECT: Accept and Approve Contract with York Risk Services Group

OPTIONS: The City Council of the City of Beaumont may:

1. Approve and Award the Contract to York Risk Services Group;
2. Reject the Contract;
3. Reject the RFP and direct staff to return with alternatives.

ACTIONS / FUTURE ACTIONS

- 1) Receive RFP
- 2) Receive staff report
- 3) Receive YORK Proposal
- 4) Receive York Risk Services Group Agreement

SUMMARY

On June 16th, 2015 Council directed staff to entertain a request for proposals (RFP) regarding Third Party Claims Administration for Workers' Compensation. On June 25th, 2015 staff released an RFP to York Services Group and Carl Warren & Company, as well as listed the RFP on the City's website under Bids and RFP's.

BACKGROUND

On July 10th, 2015 York Services Group responded to staff's RFP request. York proposed a five (5) year term subject to termination by either party with at least sixty (60) days prior written notice to the other party. York proposes to administer all City Workers' Compensation Claims and provide all the regulatory filings required of self-insured agencies including the filing of the Annual Self Insurers' Report to the State.

York proposes to provide these services for a flat fee of \$33,500 per year payable at \$8,375 per quarter in advance. Years three (3) thru five (5) have a built in annual increase of the greater of the CPI or 2% per year upon the anniversary date of the agreement.

In researching the lack of RFP responses, staff found it is most likely due to the costly data transfer costs required to transfer claims and financial data to a new provider.

FISCAL IMPACT

Total Cost for FY 15/16 and FY 16/17 is \$33,500. Increases for the remaining three (3) years of the term are based on CPI or 2%.

Response to the City of Beaumont Request for Proposal – Workers Compensation Third Party Administrator (TPA) Services



Prepared by: Veronica Ibarra

Assistant Vice President of Client Relations

York Risk Services Group, Inc.

Due: July 10, 2015 by 3:00 PM



333 City Blvd. West
Orange, CA 92868
www.yorkrsg.com

July 10, 2015

Attn: Kari Mendoza
Acting Director of Human Resources
City of Beaumont
550 E. 6th Street
Beaumont, CA 92223

Dear Ms. Mendoza:

York Risk Services Group, Inc. ("York") sincerely appreciates the opportunity to continue our partnership with the City of Beaumont ("City") to administer the City's Self-Insured Workers' Compensation Program. We value our partnership with the City for the last 27 years, and we look forward to continuing this relationship.

York's position as the number one TPA among public entities is supported by our marketplace stability, hands-on executive leadership team, and our data driven approach to proactive claims management. Furthermore, our desire to craft our claims and medical management systems and services, not just to each business segment, but to each customer to deliver focused, local solutions and the best possible service is what continues to differentiate York from all other third party administrators.

The following demonstrates how York has, and will continue to support your needs while achieving excellence through innovation and continuous improvement.

1. Service Philosophy & Cost Savings

York has a deep understanding of the unique nuances associated with administering claims for many California public entities. With more than 28 years of experience, we are well positioned through a deep bench of experienced management to provide resources and expertise to support the future needs of the City. We combine this expertise with a service philosophy based on a set of highly effective best practices, the nucleus of which includes ongoing communication with the injured employee and employer. These best practices result in a collaborative approach to claims management, which in turn produces quantifiable cost savings. Through this approach, we have achieved the following:

- An average closing ratio of 105% for Fiscal Year 2014/15
- 36% decrease in litigation from 06/30/14 to 6/30/2015.
- Leveraging Nurse Case Management to help control TTD Cost for the City and expedite modified duty

2. Managed Care Savings

We are confident that the City will realize continued savings through our integrated approach to claims administration and managed care services. York's suite of integrated services enables us to offer the City a comprehensive solution to reducing the cost of risk by reducing your medical expenses and facilitating your return-to-work programs. Our managed care services have provided the City with significant net savings of **\$1,167,983.00** over the last fiscal year (July 2013 - June 2014).

3. Innovation & State-of-the-Art Claims Systems

Claims Connect, our proprietary claims management information system, provides the analysis that the City needs through detailed claims and loss reporting, ad hoc reporting, loss trending, and much more—all conveniently accessible as you continue to implement new strategies to reduce the cost of workers' compensation. Additionally, Claims Connect supports a paperless process and empowers your claims team to operate efficiently, allowing them to devote their time to the delivery of high quality service to the City and its injured employees. With the support of Claims Connect, your team can focus on providing the best medical care possible to injured employees with the ultimate goal of returning them to full employment.

We will continue to be a strong partner, proactively handle your program, and dedicate ourselves to providing the City with unsurpassed service. York is committed to ensuring that we never take our relationship with the City for granted by continually focusing our energy on ways to enhance and improve the City's claims management program. Thank you for your confidence in our people and in our organization, and for the opportunity to continue to be of service.

Upon review of our proposal, if any questions should arise, please contact Veronica Ibarra, Assistant Vice President of Client Relations, at veronica.ibarra@yorkrsg.com or via telephone at 909.942.4839.

Best Regards,

Veronica Ibarra

Veronica Ibarra

Assistant Vice President of Client Relations

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A. COMPANY OVERVIEW

- **Describe your organization, include history, ownership, and number of years in business providing TPA services.**

Number of Years in Business

York Risk Services Group, Inc. opened in 1961, providing claims administration to self-insured organizations.

Ownership

York Risk Services Group, Inc. is a wholly owned subsidiary of Fox Hill Holdings, Inc., which is a wholly owned subsidiary of York Insurance Holdings, Inc.

History

York has over 28 years of experience providing third party claims administration solutions for California public agencies. In 2006, York acquired Southern California Risk Management Associates, Inc. (York), a leading California based TPA specializing in workers' compensation claims services focused on public agencies. In 2008, York expanded its public agency base with the acquisition of Gregory B. Bragg & Associates in Northern California, making it the leading provider of claims administration and managed care services for public agencies in California.

- **Provide the size and structure of your organization, including the number of claim adjusters and claim support personnel.**

If selected to continue as the City's third party administrator, your claims will continue to be handled from our Upland office located at 313 East Foothill Blvd., Upland, CA 91786. Administrative functions will also continue to be handled from our Upland office.

The Upland office is managed by our Regional Vice President of Operations, Kevin Fritzsche. A total of 123 full-time and part-time employees are based from our Upland office including claims technical, executives and executive administration, client services, client banking, accounting, human resources, facilities, operations, management information and clerical support. The following represents the breakdown of staff in our Upland office:



- Vice President Positions: 2
 - Assistant Vice President Positions: 5
 - Directors: 1
 - Managers: 15
 - Examiners/Analyst/Examiners: 58
 - Professional Staff (Supervisor/Client Banking/Client Service Analyst/Accountant/Account Manager): 17
 - Support Staff (administrative assistant/Claims Assistant/ Clerks/ Facilities): 25
- **Provide the address of the corporate headquarter location and the location of the claim office that would be assigned to service the City of Beaumont**

York Corporate Headquarters
99 Cherry Hill Road, Parsippany, NJ 07054

Servicing Location

If selected to continue as the City's third party administrator, your claims will continue to be handled from our Upland office located at 313 East Foothill Blvd., Upland, CA 91786. Administrative functions will also continue to be handled from our Upland office.

- **Indicate which services are owned by your company and which services you use sub-contractors.**

York does not intend to utilize any subcontractors in the delivery of services pursuant to the contract with the City of Beaumont



B. QUALIFICATIONS

- Describe your company's TPA experience and qualifications in providing Workers' Compensation service to municipalities or other similar public entities. Include a list of current municipal clients.

York is a leading provider of claims management and cost containment services to California self-insured employers. York offers a single source for claims administration and cost containment for all lines of business including workers' compensation, property, auto and general liability.

The York team leads the industry in providing workers' compensation claims management to Southern California public entities and to public employers statewide. We are fortunate to serve over 1,000 public entities and 215 cities throughout California. Below is a sampling of some of the cities we currently serve:

- City of Alameda
- City of Big Bear Lake & Fire
- City of Chico
- City of Chino
- City of Concord
- City of Cupertino
- City of El Cajon
- City of El Segundo
- City of Fremont
- City of Folsom
- City of Hemet
- City of Hesperia
- City of Lodi
- City of Milpitas
- City of Modesto
- City of Pacific Grove
- City of Palo Alto
- City of Oroville
- City of Rancho Cucamonga
- City of Ridgecrest
- City of Ripon
- City of Roseville
- City of San Bernardino
- City of San Gabriel
- City of Santa Maria
- City of Seal Beach
- City of Seaside
- City of Suisun City
- City of Sunnyvale
- City of Vallejo
- City of Walnut Creek
- City of Watsonville



At York, we understand that workers' compensation claims professionals hold a wealth of knowledge gained from years of experience in the industry. Because cities are so near and dear to us, we are constantly recruiting professionals with special expertise managing claims for cities within the jurisdictions we serve. From the local management offering direction on claims to the support staff preparing your settlement documents, our people know the quirks and nuances of the City's workers' compensation community. As members of the Southern California community, they care about utilizing your resources wisely and efficiently because your budget impacts them.

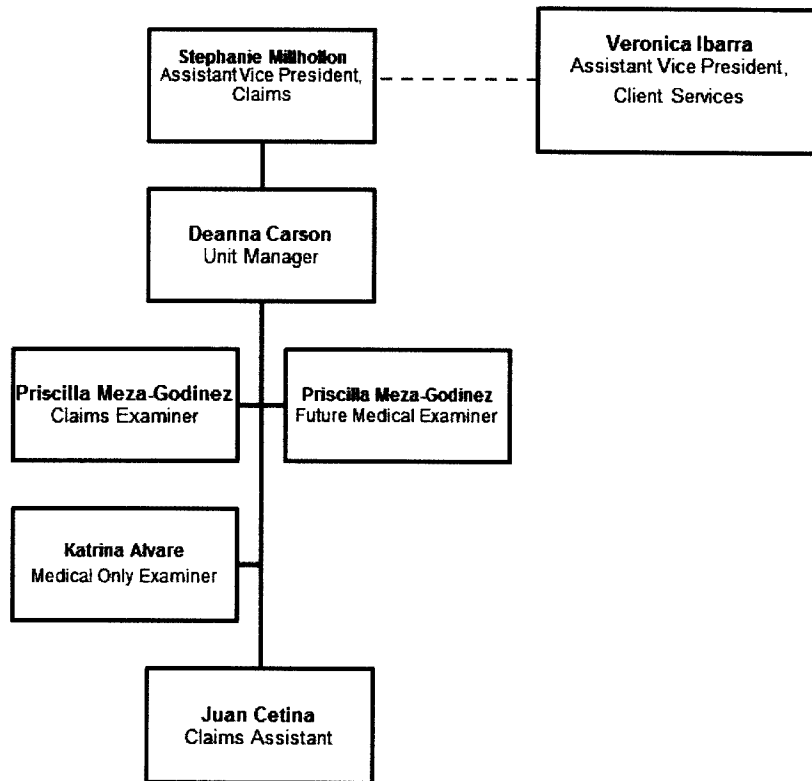
- **Identify proposed staff members who would be assigned to the City of Beaumont and submit statements or resumes detailing their qualifications and experience with municipalities.**

The Unit Manager and Claims Examiners currently servicing the City have experience with public agencies ranging from 14 to 30 years and have their SIP certificates. Your existing team will continue to serve the City from York's Upland office. Having your claims team in close proximity to the City will allow for your lead Examiner, Priscilla Meza-Godinez, and Deanna Carson, Unit Manager, to provide you with quick, reliable service and in person meetings whenever necessary.

Priscilla has served as the lead Claims Examiner for the City for nearly eight (8) years. She has helped the City control TTD and expedites Modified Duty. Priscilla has pushed RFA's through and assisted in securing additional information from treating physicians when needed. Priscilla will continue to service the City with her professionalism and will provide assistance in all areas of the claims process.

Noted in the organizational chart below are the claims professionals and Senior Account Manager currently assigned to your program. The attached resumes (*Please refer to Section F, Exhibit E*) specifically address each individual's qualifications.





- Describe your proposed scope of services for the City of Beaumont in Claims Administration, Bill Review, Medical Management, Legal Administration, Return-to-Work Program, and Risk Management Information System (RMIS).

Claims Administration

Claims Philosophy

York's workers' compensation department was created to meet the needs of York's clients seeking a quality Third Party Administrator of workers' compensation claims. York's approach to containing claims costs is two-pronged:

- 1) Pay valid claims promptly
- 2) Facilitate getting the worker back on the job as quickly as their situation allows



We focus on the front end of a claim so every injured employee receives appropriate medical care and returns to work as soon as able. Expert investigators are an integral part of our process and investigate fraud and pursue appropriate remedies whenever appropriate.

Quality control and service are of the utmost importance; therefore, we encourage ongoing dialogue with our clients and carriers. We will continue to keep the City informed as to the status of all significant claims on a regular basis, and are available to discuss any of your claims as needed.

Claim Reporting

York provides the flexibility to report losses through a variety of means. This includes web, fax, email, and reporting via the US Mail. The City can choose one or a combination of these reporting options.

We are especially proud of our proprietary on-line 5020 reporting module, which immediately advises claims personnel that there has been a new loss and automatically assigns a claim number and opens a claim file in the claims system. If reported by means other than on-line, new losses are entered in our claims management software within one working day and there is prompt preparation and provision of benefits and statutory benefit information notices within the mandated periods. In the event of a serious or traumatic injury, we provide a 24-hour service for immediate handling, including medical arrangements.

Initial Review – New Losses

All new losses received by your claims team immediately after they are reported. At that time the loss will have the appropriate loss designator attached and be assigned to a specific workers' compensation Examiner on your team for handling. The managing supervisor will provide initial direction and recommendations for completing the initial investigation. The new loss will be electronically indexed to rule out potential duplicate claims.

Contacts – Employee, Employer, Physician

Within 24 hours of receipt of notice of injury, York will complete a preliminary investigation. This includes contact with the employee, employer, and physician on lost time claims, and where appropriate on medical-only claims.



Not only does York make initial and immediate contact with the injured employee where warranted, but we also emphasize ongoing and timely telephone contact with the employee during the life of the claim. All calls from the City will be returned minimally within 24 hours but when possible within the same business day. All contact attempts will be documented in our system activity notes. Two-point contact will be made with the City and medical provider on all medical-only files to verify there is no compensable lost time.

Investigation

Within 24 hours of receipt of notice of injury, York will contact the injured employee by telephone and complete a preliminary investigation. If a statement is warranted, it will be taken at this time, or we will discuss with the client the need to use an outside investigator. The City, medical provider, and witnesses, where appropriate, will also be contacted. Once our initial investigation has been completed, the compensability determination and evaluation of this loss will be documented in our system activity notes.

Dates of disability will be confirmed and wage statements will be requested to document the basis for benefit calculation and exposure. ISO searches and reports will also be completed on all applicable claims. York will follow up on information revealed through the ISO search in order to determine any impact on the immediate claim. Ongoing investigation continues throughout the life of the claim and use of investigative tools or personnel is discussed with the client when warranted. Information obtained is always carefully evaluated to determine next steps and appropriate handling decisions.

Reserving

Reserves will be established after the completion of the initial investigation of the claim and within the first five days of receipt of the claim. Reserves will be set on the available facts and probable ultimate payout (PUP) of that claim. Reserves will be constantly reevaluated and adjusted as material changes occur and are reviewed by the Examiner and supervisor on diary. The explanation and rationale for the posted reserve will be documented accordingly in our system.

Cost Containment

We view our vast array of cost containment services as an extension of the workers' compensation Claims Examiner. Medical management, field case management, bill review, utilization review, and pre-certifications will all be performed in conjunction with the City's needs. Medical bills will also be paid within the statutory time frames for California.



Benefit Provisions

All benefits will be reviewed and paid in accordance with the statutory time frames of the particular jurisdiction. All required notices and forms will be sent in a timely and appropriate manner pursuant to jurisdictional requirements.

Subrogation

As part of the three-point contact, inquiries are made as to causation and possible third party involvement. Subrogation is pursued against the responsible persons, agencies, and/or agents in an effort to recover losses suffered by the City to injuries or illnesses inflicted on its employees. We request police reports, if necessary, and identify the responsible party and place them on notice immediately. York has a staff consultant that provides immediate direction on any new subrogation claim. We aggressively manage this issue with the assistance of our sophisticated claims management software.

In all cases where a third party is responsible for the injury to the employee, the third party is contacted with notification of the City's right to subrogation and the recovery of certain claim expenses. If the third party is a governmental entity, a claim is filed with the governing board (or State Board of Control as to State entities) within six (6) months of the injury or notice of the injury. The City will be copied with the initial notice and final resolution. If legal counsel is required, York will notify the City of such action. York will request approval from the City for all third-party recovery agreements.

Claim Evaluation

All claims will be evaluated quickly and fairly. All cases will be thoroughly reviewed for compensability, and expert opinions will be secured as needed to make an informed decision that will yield the best possible outcome.

Claim Disposition

All claims will be processed expeditiously and settled within established authority limits and guidelines. The City will be involved in all claims exceeding our authority.



Payment of Awards and Orders

Awards and orders will be calculated by the Examiner and reviewed for accuracy by the managing supervisor. All award and order payments will be released for payment within two days of receipt or as statutorily required.

Payment of Bills

All reviewable bills received in the branch offices will be date stamped on the date received. Each bill will then be reviewed by the assigned Examiner to ensure the services were authorized. If no objection to the bill is to be filed, the bill will be processed by the Examiner with the appropriate payment code and sent to the designated bill review service within three days of receipt. The designated bill review service will then process the payment within the applicable fee schedule of California. All non-reviewable bills will be paid by the branch office within 10 days of receipt.

Action Plans

Within five working days of establishing a new indemnity claim, the assigned Examiner will input an initial action plan. Thereafter, an updated action plan will be completed every 45 days, or whenever there is a major change in developments which may affect the course and outcome of the claim. Action plans will adhere to the format established in our system and detail the Examiner's thought process and justification for current reserving, exposure, and additional steps that need to be taken to close the file. All open future medical claims will have an updated action plan every 180 days.

Quality Assurance

Each branch office will conduct internal audits on two closed claims per month for each Examiner using our PLUS program (Partnership, Leadership, Unparalleled Service), which measures our adjusters' performance. York PLUS provides consistent measures of quality for all product lines and business segments based on our best practices and your specific claim handling guidelines. The audits will be completed by either the branch manager or managing supervisor, and the results will be shared with team members on a monthly basis. These audits plus weekly reports allow supervisors to quickly and proactively identify any issues for early resolution. Branch results are calibrated through a separate review process by York's Quality Assurance Division to ensure objective findings and consistency in the review process.



Any additional training required as a result of the audit findings will be implemented immediately by the branch office management team.

Commitments & Expectations

Veronica Ibarra will continue to meet with the assigned claims team while we transition the City to a standalone program to review the service commitments made to the City by York, as well as to share the City's expectations. Any changes to service commitments will be documented in the up-to-date account-handling guidelines, which are attached electronically to each claim file for access by any team member.

Client Reporting

Client reporting will continue to be performed at regular intervals on all claims exceeding a specified total incurred dollar level, which will be agreed upon by the City. Claim Management Reports (CMRs) will be completed online as needed to document the current status of each claim. Formal captioned reports will be sent in a format agreeable to the City.

Data Accuracy

Extraordinary efforts will be made to ensure substantive, timely and accurate information is posted to our claims system. When a new claim is established, Examiners will review to confirm timely and accurate coding of the claim detail screens. Ongoing data updates are maintained throughout the life of the claim file, as details develop.

Medicare/Regulatory Reporting

York, along with our Managed Care subsidiary, is capable of meeting the Mandatory Insurer Reporting Requirements under Section 111 of the MMSEA, conditional payment identification and resolution, and Medicare Set-Asides through all national reporting agents. York, on behalf of its clients, is currently reporting to Crowe Paradis, Gould and Lamb, PMSC and ISO as directed by our individual clients. These Reporting Agents (RA) ensure compliance with the Section 111 reporting requirements by collecting and transmitting the required data as well as responding to Medicare. Other services offered in conjunction with the Mandatory Reporting include conditional payment identification and resolution, and Medicare Set-Asides. Relevant data and transaction tables are captured in York's claim system to ensure compliance with Medicare Reporting, NCCI Medical Capture and other regulatory reporting requirements.



Supervision

Our Examiners have set levels of authority within which they may work autonomously. Each Examiner's abilities will be evaluated, and an appropriate level will be set based on years of experience and understanding of applicable laws and procedures. Supervision and technical guidance will be provided upon file setup, on each diary date, and at regular meetings with the claims staff.

Excess Reporting

Initial excess reports will be prepared as agreed upon with the City based on their contract with CSAC Excess Insurance Authority. Excess reports will also be due, regardless of the incurred value, on claims with the following types of injuries: fatalities, spinal cord, paraplegia, quadriplegia, brain injuries and/or strokes, severe burns, injuries causing 365 days of lost time, and any serious injury involving two or more employees.

Initial reports will include the claim form, Doctor's First Report, any comprehensive medical reports, investigative reports, and if represented, the most recent legal correspondence. Follow-up reports will be due every 90 days and include financials, most recent medical reports from the treating doctor or other physicians, and if applicable, the most recent legal correspondence, any permanent disability ratings, investigative reports, and awards.

Recoveries

All recoveries will be processed through the accounting department and documented in the file as to type of recovery, amount, and payer. The recovery will be shown in the financial history of the claim file once credited.

Bill Review

York's rigorous bill review process combines advanced technology with the expertise of our seasoned audit and clinical staff to ensure correct payments, quick turn-around and maximum savings for the City. Our staff of professional analysts and nurses—supported by our sophisticated rules-based technology and proven processes—ensures that you only pay what you are responsible for.



Medical Management

The managed care division of York, WellComp™ Managed Care Services offers a medical case management program which provides proactive case management services in several forms depending upon the desired results and tasks to be accomplished for each claim. Telephonic case management, field case management, embedded RN triage programs, task assignment, medical records annotation and life care planning are just a few examples of case management tools offered through our case management program.

York is staffed with on-site nurses who are fully trained in all programs relating to our in-house utilization review and case management services. Our nurse case managers focus on returning the injured worker to employment status and providing appropriate medical treatment as expeditiously as possible.

Unlike some of our competitors, our nurse case managers are not under pressure to maintain a particular level of productivity which often can result in the provision of unnecessary services, increased costs, high turnover rates as well as the transfer of cases among nurses. These issues are not a factor with WellComp™ Managed Care Services. The public agencies we serve have the reassurance that our nurses, who offer decades of workers' compensation experience, are not strained to meet certain high productivity levels; in fact, our nurses keep their assigned cases from beginning to closure ensuring both quality of care and cost containment.

The nurse case manager also assists the Claim Examiner with moving the injured worker through the often-complex workers' compensation health care system, thus decreasing the claim costs for the City who is paying not only for the medical care and wage replacement benefits, but also for lost productivity. Our nurse case manager is often the liaison between the injured worker, Claim Examiner, medical providers, therapist, employer, other team members and, at times, the attorney representing the injured worker. The case manager coordinates both communication and care to the appropriate parties to ensure that the injured worker receives medical care that is both necessary and medically appropriate for each injury.

Below is an overview of our case management program services. Our program is designed for customization to meet the needs of each client.



Telephonic Case Management (TCM) is assigned for numerous reasons, which range from increased medical control and reporting, to information updates and added direction to the injured worker or medical provider. Many times rather than assigning full case management, TCM results in a quicker response time with less financial impact to the claim file.

York's TCM:

- Accurately assesses the medical status soon after a non-catastrophic lost time injury occurs
- Monitors the quality and appropriateness of medical care
- Assists the injured worker as needed with medical care coordination, recovery and return to employment
- Keeps the channels of communication open to all team members involved in the case.

Field Case Management (FCM) is generally recommended for more difficult cases falling into the catastrophic or serious category. Field case management can also be used to assist with needs related not to the severity of injury, but rather that of ancillary matters impacting injury recovery. These types of referrals can be prepared at any time during the life of an established claim file. York's FCM:

- Provides the opportunity for spontaneous discussions (in the injured worker's environment and/or doctor's office) regarding current medical condition and treatment goals
- Facilitates a multifaceted goal-directed treatment plan for maximum recovery and return to gainful employment
- Assists the injured worker and Claim Examiner through the completion of the treatment plans
- Obtains a wealth of information that may be needed later if the case requires surgery, home care services or job accommodations.

Task Assignments (TA) are often an alternative option when the need can be met with a one time or specific project case manager intervention. The task assignment is often the best use of resources to move matters along, such as obtaining medical status, evaluate the current medical condition or treatment plan and assist the Claims Examiner in establishing long-term or future medical reserves based upon treatment guidelines (also known as a Life Care Plan).



York will work with the City to develop referral criteria as well as communication protocols prior to the inception of any program. This type of coordination established in advance has proven to lay a solid foundation by which medical management meets the desired financial results while providing excellent care to the injured worker.

Legal Administration

York will continue to use the City's preferred attorney from the Law Offices of C. Robert Bakke.

In the event that the City and the workers' compensation Claims Examiner determine a claim requires legal defense adjusting team will work within City-specific litigation guidelines including, but not limited to, reporting content and frequency, litigation budgets, and fees. The attorney will be expected to follow the City-specific litigation guidelines and pre-approved fee arrangements.

If an employee retains an attorney or upon receipt of a petition, notice of representation, or any other notification of legal involvement, the workers' compensation Claims Examiner and/or the managing supervisor will use their best professional judgment to determine if the claim should be assigned to counsel or handled in house. If assigned to counsel, regular follow-up with the defense attorney will be maintained and the Examiner will maintain control of the process to ensure the best possible outcome.

Please refer to Exhibit A for a detailed overview of York's Litigation Management Program.

Return-to-Work Program

Once an injured worker is losing time from work, many factors influence the success of return-to-work efforts, including employer/employee attitude and motivation, availability of recover-at-work programs, and the severity of the injury. Our nurse case managers work closely with the Claims Examiners to assist in the medical management and return-to-work process. We utilize a variety of tactics and services to assist with returning the injured employee to work and managing lost time. We begin addressing return to work with the injured worker from our first conversation and continue to keep this goal front and center with the injured worker and the treating physician. Discussions and communication with treating physicians also address return to work issues, seeking information at each office visit regarding the types of activities the injured worker can perform. This information is used to



coordinate with the Examiner and the supervisor to identify potential early return to work opportunities. We also bring additional medical resources including our staff of review physicians, who are available to assist case managers with consultations and direct discussions with the treating physicians.

The nurse will coordinate all activities involving identifying any light duty needs, finding a suitable light duty position, obtaining the release from the treating physician for light duty, and assuring the supervisor is aware of, and prepared for, the return of the injured worker. Most importantly, the nurse will monitor the case after a return to light duty to assure the injured worker is compliant with the restrictions and that no further complications to the injury are being experienced. A successful return-to-work program is one in which the employee progresses from the light duty position to full duty within expected time frames. Our case managers coordinate each return to work to assure the optimal goal of the program—a full duty release—is achieved.

We assist other clients in developing and implementing return to work programs. WellComp can assist the City with developing light duty job banks through our vocational assessment department, writing program guidelines for how long employees can stay on light duty, developing a process by which a return to work committee at the City makes a determination to allow injured workers to continue on light duty and a process to monitor injured workers on light duty to assure they are progressing to full duty. By helping you develop managed care strategies and solutions, York will enrich the City's workers' compensation program to the benefit of injured workers we will improve the City's overall profitability.

New! Risk Management Information System (RMIS)




FOCUS

Just as we have a claims management system, Claims Connect, designed for our claims professionals, York offers the City a front end system, FOCUS, designed specifically for risk management personnel.

FOCUS is a powerful, yet easy-to-use risk management tool that will give you instant access to the information you want, exactly the way you want to see it. FOCUS contains 100% of the information in Claims Connect System, but it offers a view of your data that is designed specifically for risk managers. FOCUS provides data visualization, an expanding library of

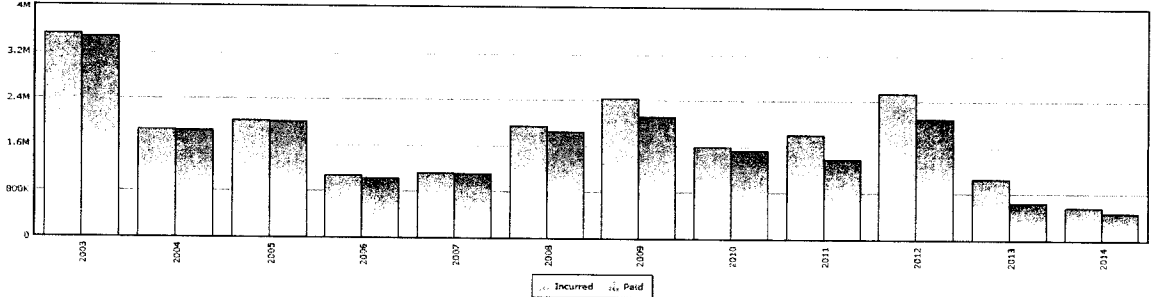


customizable reports and interactive tools which transform volumes of data into useful, impactful information that can be understood at a glance.


Home Claims Reports

WC Dashboard More ▾

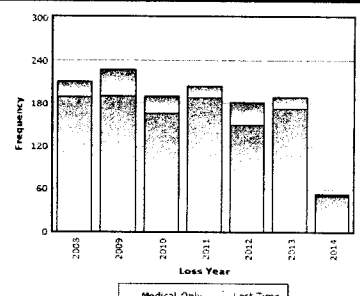
WC Yearly Financial Totals ⊞



Large Reserve Changes Last 90 Days ⊞

Claim Number	Initial Reserve	End Reserve	Reserve Change
4502624	495,713.71	698,244.50	202,530.79
4503711	185,555.69	376,654.80	191,099.11
4507079	253,707.18	410,574.18	156,867.00
4504772	281,357.32	403,677.98	122,320.66
4506560	178,033.45	268,383.45	90,350.00
4502644	140,959.71	202,093.05	61,133.34
4507092	168,302.05	214,350.23	46,048.18
4507818	44,859.65	67,596.38	22,736.73
4508041	1,000.00	19,928.88	18,928.88
4507761	17,914.40	32,362.76	14,448.36

Medical vs. Indemnity ⊞



With just a click or two, FOCUS helps you:

- View critical risk management information at a glance
- Choose custom dashboards for lines of business or specialized functions such as Finance, Risk Management or Safety

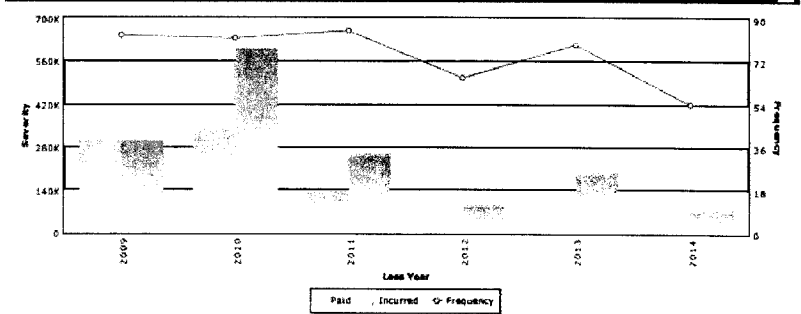


Claims Info

Large Reserve Changes Last 90 Days

Claims Number	Initial Reserve	End Reserve	Reserve Change
4502624	465,713.71	666,244.50	202,530.79
4503711	185,555.09	370,654.80	191,099.11
4507079	253,707.18	410,574.18	156,867.00
4504772	291,357.32	403,677.98	122,320.66
4502234	125,500.00	224,232.22	98,732.22
4506590	178,033.45	268,383.45	90,350.00
4502944	140,959.71	202,003.05	61,133.34
4507092	168,302.05	214,350.23	46,048.18
4502485	1,509.00	29,509.00	28,000.00
4502484	1,509.00	27,000.00	25,500.00

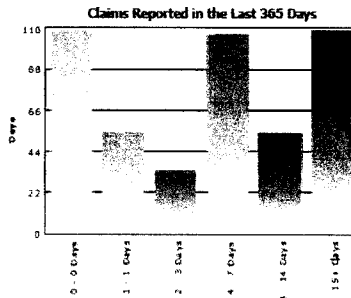
Frequency and Severity



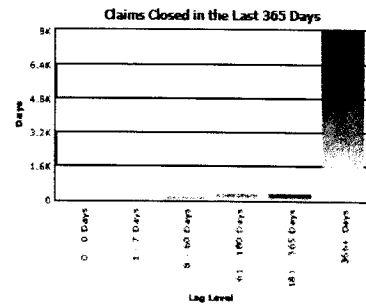
General Claims Chart



Report Lag Analysis



Close Lag Analysis



Customizable Dashboard – Program Overview

- Access the detail of an individual claim
- Examine a claim in a specific context (e.g., similar claims, line of business, cause of loss, timeframe, etc.)
- Easily create your personalized home page view





Claims Info

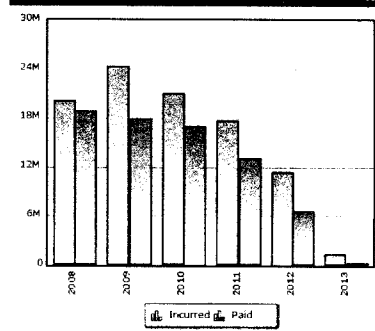
Large Reserve Changes Last 90 Days

Claimmark	Initial Reserve	End Reserve	Reserve Change
Larsen, Declan	6,242.73	43,965.11	37,722.38
Calhoun, Arden	8,385.00	21,253.21	12,868.21
Clements, Athena	8,814.38	19,316.43	10,502.05
Wyatt, Sigourney	0.00	8,600.00	8,600.00
Molina, Aidan	8,875.00	15,350.00	6,475.00
Alston, Plato	0.00	4,420.00	4,420.00
Mcdonald, Jarrod	33,107.98	37,195.34	4,087.36
Jimenez, Colby	0.00	4,035.73	4,035.73
Ewing, Cameran	23,848.11	27,794.03	3,945.92
Hatfield, Ronan	2,480.00	5,794.35	3,314.35

Recent Documents

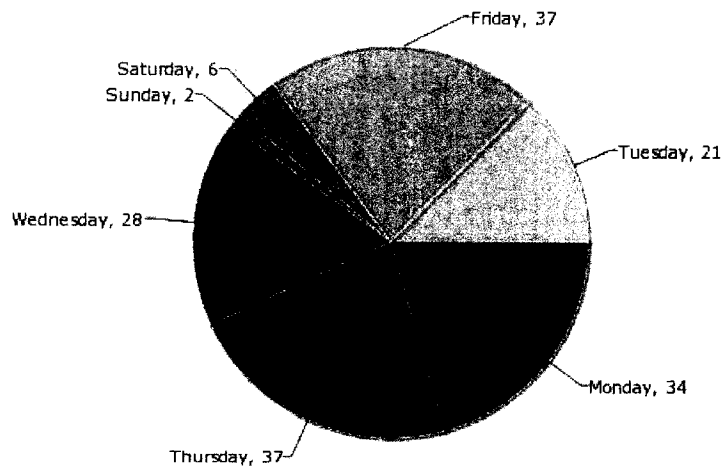
Display Name	Name
Claim	Cruz, Ruth (3816496)
Report	Incurred/Paid Change Current Month by Cov
Claim	Henson, Grant (3815959)
Claim	Knowles, Hedda (3818304)
Claim	Gallegos, Kieran (3844298)
Claim	Sutton, Ieoma (3852315)
Report	Incurred/Paid Change Current YTD
Template	Transaction Summary
Report	My Report for claim number
Report	My report
Template	Ad Hoc Claim Graph
Report	Top 5 WC Causes of Loss
Template	Claim Summary

Financial Totals



FOCUS also puts a wide array of report and customizable report options at your fingertips:

- Select individual reports
 - ✓ Search our vast and ever-growing library of reports
 - ✓ Create ad-hoc reports from any field in the system
- Quickly and easily customize reports using “plain language”
- Choose the data presentation format you prefer – data tables, charts, graphs or text or download to Word, Excel, or PDF



Losses by Day of the Week – Pie Chart



- Schedule automatic delivery of reports, in any format you want, down to the minute.
 - ✓ Reports can be sent to you, to any individual, or to a distribution group you specify
 - ✓ Set up a one-time or recurring delivery

Create new schedule

Return to Report Save Schedule

Schedule

Frequency: * Monthly

Run on the selected month(s) each year:

- January February March April May June July August September October November
- December
- All None

Run on this date each month: 1

or

Run on the First Monday of each month

Schedule Starts: * 6/17/2013 Time: 12:00 AM (GMT-05:00) Eastern Time (US & Canada)

Schedule Ends: 6/17/2014

Send To

Send To: Me

Format: PDF

If No Data: Send Report

Email

Reply To Address * Michelle.HadleyAmbord@yorkrsg.com

Subject * Focus Scheduled Report

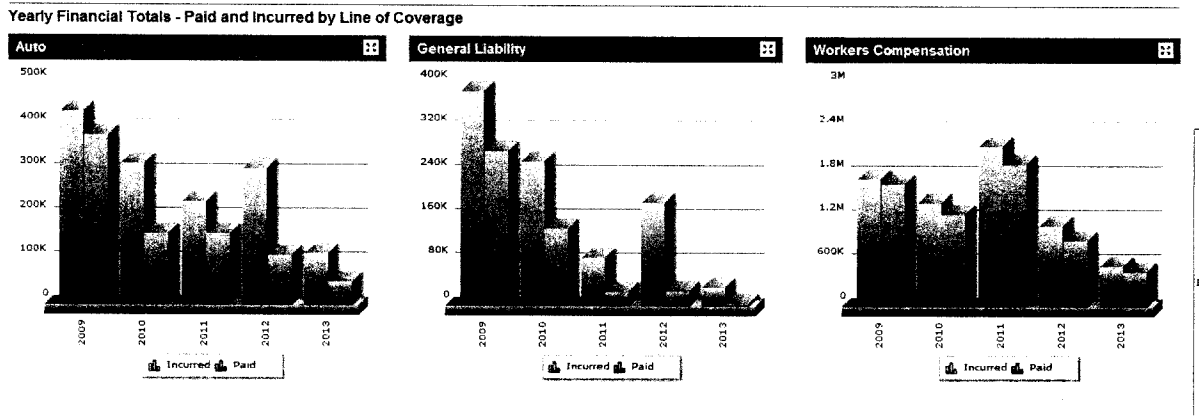
Body * Attached is your scheduled Focus report, Loss Run - Open Claims by Member

Report Scheduling



Turning Data into Compelling Information

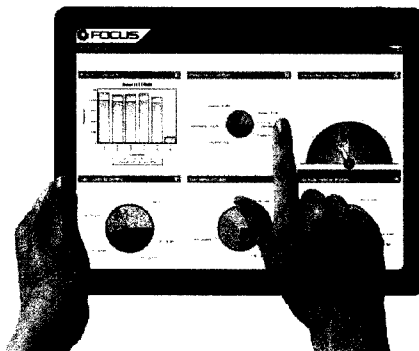
By clearly and effectively communicating data and transforming it into knowledge, FOCUS helps you better understand and manage your risk. Please refer to Attachment H for Sample FOCUS Claims Reports.



Annual Paid and Incurred Totals by LOB

Optimized for Tablet Access

FOCUS provides data visualization, an expanding library of customizable reports and interactive tools which transform volumes of data into useful, impactful information that can be understood at a glance. Available on all data platforms, including tablets and other mobile devices, as well as PCs, it is simple, intuitive and engaging to use.



Let York help you FOCUS on the information you need to manage your risk effectively.



- **Describe the caseloads of your medical only and indemnity adjusters.**

Caseloads per Examiner on the City's program range from 135 – 150 open indemnity files. York considers future medical and medical only claims 2 to 1.

- **Describe your bill review and utilization review process.**

Bill Review Process

York's rigorous bill review process combines advanced technology with the expertise of our seasoned audit and clinical staff to ensure correct payments, quick turn-around and maximum savings for the City. ***Our most recent results for the City's Bill Review program (July 2013 - June 2014 fiscal year) include net savings of \$1,045,312!*** Our staff of professional analysts and nurses—supported by our sophisticated rules-based technology and proven processes—ensures that you only pay what you are responsible for.

In today's complex medical billing environment, the need for medical coding, clinical expertise, and sophisticated technology is more important than ever. That is why our dedicated staff of professionals has extensive experience and maintains certifications in medical coding, and our technology utilizes an advanced rules engine to apply a re-pricing matrix that includes fee schedules, UCR, state rules, AMA coding edits, ODG / ICD-9 validation, utilization review decisions, and identifies billing discrepancies that require professional and/or clinical review.

Identifying and applying the appropriate level of review for complex bills, including surgical, hospital, trauma, and ambulatory surgical center bills can save payers thousands of dollars. York's process ensures these high dollar bills are subject to professional and clinical review for medical appropriateness, relatedness, supporting medial documentation, DRG validation, reasonableness of charges, and that trauma bills meet trauma requirements. By applying our proven process and technology, York has delivered significant savings to our clients.

Our California medical bill review team has over 100 years combined medical bill review experience with the California OMFS and in medical bill review. Our Analysts have an average of over 7 years' experience and Supervisors have an average of over 10 years of experience. Our California bill review team is led by Laurie Kroener who has over 17 years of experience. All bill review staff is required to complete continuing education throughout the course of the



year related to California rules and regulations, the OMFS, medical bill coding, and NCCI edits.

The California Workers' Compensation Official Fee Schedule (OMFS) is integrated and automated in our bill review technology. Our compliance group monitors all communications from the DWC to stay abreast of fee schedule changes. Updates are done as-needed when regulations change or new data becomes available. Testing is completed in our beta environment and validated before it is released into production.

Our WellComp MPN contracts and statewide PPO rates are updated prior to the effective date of any changes. All updates are subject to testing prior to release into production.

York's case managers utilize the web-based version of the American College of Occupational and Environmental Medicine (ACOEM) and the Official Disability Guidelines (ODG) and its companion, Official Disability Guidelines-Treatment in Workers' Compensation (ODGTWC) as our primary resource for evidence-based guidelines. This web-based access assures they have the most current version of the guidelines available to them at all times.

Medical criteria used in the review process are based on jurisdictional requirements. In the absence of a specific medical treatment guideline within a jurisdiction, York uses nationally accepted guidelines which include the Official Disability Guidelines, Treatment in Workers' Compensation (ODG) and the American College of Occupational and Environmental Medicine (ACOEM). Any proposed care outside of the criteria is referred for physician review. Physician reviewers utilize state mandated criteria and in that absence, they utilize ODG and ACOEM, as well other nationally accepted treatment guidelines and published peer reviewed literature. All physician adverse determinations include a citation of the specific medical treatment guidelines upon which the determination was based.

Bill Review Quality Assurance

Our bill review process is aggressively engaged throughout the lifecycle of every workers' compensation claim. Our systems are established and refined constantly to support this mission. Mechanisms for identifying and correcting inappropriate billing patterns are also reinforced throughout the initial bill review process:



Accuracy and Suspicious Activity

The York process involves a series of automated and manual validation measures to ensure the highest possible levels of accuracy within our system.

These processes include:

- A minimum of two visual evaluations by York staff as a part of each and every bill review to ensure data capture and repricing accuracy.
- Sophisticated rules built into the review process to identify unusual or suspicious activity, including identifying CPT / ICD-9 combinations that are unrelated or exceed treatment guidelines, codes and code combinations that are at high risk for upcoding and unbundling, and complex bills requiring clinical audit.
- Concurrent and retrospective quality assurance evaluations to ensure repricing accuracy.

York's quality assurance process involves three levels, including concurrent review; retrospective review; and bi-annual internal review. All bills are subject to quality assurance review to ensure data and re-pricing integrity. Concurrent supervisor reviews are also conducted on a daily basis and are incorporated into York's daily workflow process and technology rule set. Supervisors are required to review all bills in excess of \$5,000. Managers are required to review all bills in excess of \$10,000, and bills in excess of \$20,000 are subject to review by a Quality Assurance Manager. In addition to our current quality assurance process, we conduct retrospective quality assurance audits of random bills. Results are used to evaluate our Analyst performance and to help improve our process and technology. Supervisors and Analysts are required to maintain a quality assurance score of 98% to meet performance standards, and to qualify for incentive programs.

York's Utilization Review process is centered on evidence-based medical protocols. Under Labor Code §4610 and the defined Utilization Review regulations, requests for care, services, or authorization rising to the level of nurse or medical director review are referred to the Utilization Review department for processing, review, application of appropriate guidelines and authorization, if supported by MTUS and other guidelines. This referral process applies to requests made in the form of prospective, retrospective, or concurrent notice.



York's Utilization Review department staffing is comprised of four different positions ranging from the medical director, nurse case managers, and medical coordinators to assistants. We have developed a multi-tiered level chart of medical services that can be filtered by the specific request for authorization received. This request begins with the medical coordinator, who gathers all of the medical detail required to make or support the Claims Examiner's determination. This includes the review of the criteria/guidelines for medical appropriateness. This information is then sent to the nurse for review and action. Should the request not meet nurse authorization criteria it will be sent to the Medical Director for review. Once the review is completed it is sent back to the Medical Coordinator to complete and distribute the notification letters.

All determinations are communicated in a timely fashion to the Claims Examiner and physician or requester of services in verbal form and followed up with written documentation which is copied to all parties. Communication to the injured employee is then made through the Claims Examiner for determination outcomes as well as potential needs to ensure continuity of information and coordination of the claims action.

York has worked with the City to develop appropriate referral criteria that clearly identifies treatment that does not require utilization review which has provided a solid foundation by which the City's program meets the desired outcomes, all regulatory requirements, as well as facilitates the provision of appropriate care to the injured worker.

As a final integration of the City's utilization review program and protocols, our bill review technicians are involved in the utilization review program to ensure that prospective capture of the customized criteria are in place. We believe that retrospective capture of prospective decisions and application of the desired screen is most effective when coordinated throughout all cost containment measures. To that end, our bill review technicians are cross trained on utilization review and a crosswalk is built between the systems to enable review of all activity from initial determination to recommended paid allowance.

- **Describe any feature of your company that distinguishes you from your competitors.**

The combination of York's organizational strength, defined focus on *California public* entities and seasoned claims professionals who are experienced with your program, ensures that the



injured employees covered by the City will experience highly responsive, customized, fair, and collaborative claims handling.

There are several reasons why York should continue to be the choice of the City to provide Workers' Compensation Claims Administration Services:

We are distinguished from other TPAs because we remain focused on our core business, which is public agency workers' compensation claims management in California. While York has incorporated all aspects of medical management into the claims management process, it is the Claims Examiner who maintains accountability for managing each claim to closure as quickly as possible and with the best possible outcome for both the City and the injured worker. York places the highest priority on hiring and training claims professionals who are passionate about claims management, thoroughly versed in California workers' compensation regulation and want to work in partnership with the City.

Why are we different?

York's disciplined approach to workers' compensation claims allows us to continue bringing measurable savings to you. We base this statement on a study conducted by an independent risk management consulting firm that compared the results of several TPA's. That study showed:

- ✓ York's closure ratio is between 3% and 5% better at 12 months, 24 months and 36 months.
- ✓ Our average incurred losses are between 12% and 15% lower than the average in the marketplace.
- ✓ On average, claims that utilized three or more components of York's managed care process experienced an 18.4% savings over claims where other providers contributed these same services.
- ✓ On average York is able to reduce the total medical, legal and indemnity costs by 13% over other TPA's.

The moral of the story.....at York, working collaboratively with you on pre-loss strategies and post-loss cost containment, we are better able to manage your claims, reduce your frequency and reduce your total claims spend. The result....improving your loss experience mod,



reducing collateral obligations if you are on a loss sensitive program, and ultimately decreasing overall premium costs.

In addition, these are some of the differentiators about York:

We are specialized. We don't want to be everything to everyone – we want to be the best to those we serve. We have configured our entire infrastructure specifically to respond to public entity unique needs. We bring a wealth of experience that others simply can't match. We are recognized as being the "Go-To" TPA in specific industries and we understand each one's unique concerns and tailor our claims handling specific to each, to deliver the best possible service.

We are committed to quality. Not only is it in our values, it's a core value of ours. We have instituted the York PLUS program (Partnership, Leadership, Unparalleled Service) to make sure that you not only get outstanding quality, but that no matter how good, we will always seek to improve it. Our Examiners are evaluated and their performance reviews are based on the quality of the service they provide. Their performance is rewarded and recognized based on how they score on quantifiable quality measures.

York believes that outstanding client service and communication are just as critical as our technical expertise. Frequent, clear and concise communication is the key to having no surprises. For each of our customers we have a designated Account Manager whose only function is to make sure that you get great service. They are the single point of contact for all your needs and the portal to our organization fully empowered to act on your behalf.

York manages claims rather than just processes them. Everything we do is focused on driving down your overall cost of risk, thereby creating greater value. That means lower case loads with more experienced Examiners to make sure that we make the right decisions in the best time frame. For workers' compensation it also means integrating York's suite of medical cost containment and managed care products, so nothing important is missed and all aspects of the case can be properly considered. Our goal is not to push through the most volume at the lowest cost per file, which leads to overlooked opportunities, leakage and costly mistakes. Rather it is to give each Examiner the time to make the right overall cost *decisions* and make sure there are no surprises.



We can easily and gladly customize to meet your needs. We understand that every public entity is different. York has tailored its infrastructure, procedures and systems to easily adapt to each public entity's specific needs, ranging from communications preferences to proactive claims-handling. It's why we built our claims management system with dozens of customizable features, fields and work flows. It's not a special request; it's how we do business, to do things your way.

We are always looking to get better at what we do. We are committed to continuous improvement in products, service and results. We frequently take objective measurements of many aspects of our operations, and we set the bar for performance higher and higher.

We are consistent. If you use more than one branch or Examiner, we want to make sure you have the same high quality, reliable service and positive outcomes. We have a comprehensive management operating system and quality control program to make sure you get consistent excellence.

NEW! We combine a great team with great technology and can drive better results through Predictive Modeling. Our claims management system was built with dozens of customizable features, fields and work flows, so we can create a process that continues to fit the City's needs. As you know, our systems are web based with customizable reports, so your information is available when you want it and how you want it. We also manage in a paperless environment, in which all documents are scanned, nothing is lost and everything is at the Examiners' finger tips.

Through our NEW "TeamComp" Predictive Modeling approach to claims handling, we are able to bring the benefits of sophisticated data analysis and human experience together to improve claim outcomes, lower overall costs and close claims more quickly. On both new and existing claims, it brings together the qualitative expertise of our experienced professionals with quantitative data analysis. It brings together big data and senior level review to ask questions and track activities that Examiners or case managers, on an individual claim may not see. No matter how experienced, the claims team can benefit from the additional guidance, group knowledge and oversight. It makes sure that the information and outcomes of every claim we manage for you contribute to the best resolution of future ones. We are proposing this new claims approach to the authority upon contract renewal, at no additional cost.



- **Describe any value added services such as web-based applications that enable the injured worker to access claim forms and submit them online.**

Disability Management

York understands that the duty to provide reasonable accommodations is a fundamental statutory requirement under the Americans with Disabilities Act, as amended by the Americans with Disabilities Act Amendment Act (ADAAA). York's fully owned subsidiary, CareWorks USA, has a working knowledge of Americans with Disabilities Act/Fair Employment Housing Act, (ADA/FEHA), and can provide systemic guidance on managing multiple disciplined cases that impact other laws in addition to Workers' Compensation.

York is uniquely qualified to offer the City professional leave coordination and advice to pay related to FMLA through our fully owned York subsidiary, CareWorks USA. We have developed a proprietary application called CaseWorks in which all leave requests and associated absence management processes are initiated, documented, and managed. Within the CaseWorks application there are distinct rules to which mandatory federal and state compliance standards (including the Americans with Disabilities Act and Fair Employment Housing Act) are tracked and best practices are adhered to by the Absence Management Specialist managing the leave request. In addition to the embedded compliance standards within CaseWorks, CareWorks USA has an internal Audit Team which provides a disciplined audit approach to evaluate and report compliance with federal policies, regulations and industry best practices. At the time the employee has exhausted or is not eligible for FMLA that the ADA interactive process would be initiated in order to determine effective accommodations for qualified individuals with disabilities. These services ensure consistent management of the interactive process which improves compliance, significantly reduces administrative time and burden of the City and provides a comprehensive transcript of all employee and other process related interactions.

Should the City be interested in the ADA/FEHA services and guidance that York can offer through its fully owned subsidiary, CareWorks USA, we can discuss their complete offering and fees in more detail upon request at a later time. In addition, we have detailed CareWorks USA's Disability Management optional service below for your consideration.



CareWorks USA Services

Through CareWorks USA, a York subsidiary, we provide a full suite of disability management services to self-insured public agencies. Through CareWorks USA, we have the capabilities to provide Integrated Disability Management (IDM) services including FMLA administration, state mandated leave, Non-FMLA Medical Leave, personal leave, short-term and long-term disability claim administration, modified duty off site programs and return to work services as well as integrated data management and web-based reporting.

CareWorks USA Provides Seamless Coordination of the following:

- Family Medical Leave Act
- State Specific Leave Laws
- Workers' Compensation
- Short Term Disability
- Long Term Disability
- Medical Leave
- Personal Leave
- PTO / Vacation / Sick Leave
- Employee Assistance Programs
- Wellness Programs
- Group Health and Disease Management
- Other Employer-Specific Leave or Absence Benefits

CareWorks USA can provide the City with a state-of-the-art, absence management program for all of their claims. We will accurately manage lost work days while ensuring compliance with all State and Federal regulations. Our services reduce the amount of time human resources personnel spend to gather, capture, track, and report data pertinent in managing the program.

- **Describe your company's best practices in claims, handling, claim supervision of litigated claims, claim status communication.**

Please refer to Exhibit B for York's Claims Best Practices.



- **Describe your return-to-work philosophy.**

York understands the importance of augmenting a client's Return-to-Work (RTW) philosophy and culture and believes that an effective Return-to-Work program is the best way to control costs. Our philosophy is that the sooner the injured worker is returned to work, whether modified duty or fully restored, the better the outcome for both the employee and the City. That's why we have developed a service model with the Examiner's return-to-work responsibilities and activities in mind. By providing extensive support staff, York will remove time-consuming tasks from the Examiner, allowing them to devote time to early return-to-work and quick file resolution. The claims team will work with the City's staff involved in RTW activities to seamlessly integrate the claims actions with the RTW decisions.

In addition, the Claims Examiner will establish expectations and goals in the RTW process with the injured worker during initial contact and through ongoing telephonic communication, all the while keeping the appropriate Department RTW coordinator informed of RTW developments in a timely and accurate manner.



C. References

Provide three (3) references with similar operations and services, such as other municipalities, for which you currently provide Workers' Compensation TPA services. Include dates of service, client's name and contact person with telephone numbers and e-mail addresses.



Reference 1: City of Hesperia

Rita Perez
Human Resources Analyst
rperez@cityofhesperia.us
(760) 947-1125
July 1, 1989 vs. July 1, 2010



Reference 2: City of Rancho Cucamonga

Claudia Nunez
Risk Manager
CNunez@cityofrc.us
909.904.5074
July 1, 2003



Reference 3: City of Chino

Richard Knott
Human Resources Analyst
rknott@cityofchino.org
(909) 334-3376
August 1, 2001



D. TRANSITION PLAN

- **Provide a proposed transition plan and implementation timetable, which the City of Beaumont can immediately implement after vendor selection.**

Veronica Ibarra will continue to meet and discuss the proposed claims administration program with City representatives upon notice of the contract award date. Veronica has already been working closely with the City in preparation for the City's move away from the dissolving Public Agencies Self-Insured Services (PASIS) JPA to a standalone entity, which shares many of the same details illustrated in the sample transition plan noted in *Section F, Exhibit C*. York takes a comprehensive, well-structured and expertly managed approach to every program we implement and every claim we handle. We do not foresee or anticipate any problems transitioning the City's program to a standalone model.



E. PRICING

York appreciates this opportunity to present its fee proposal to the City of Beaumont to continue providing workers' compensation third party administration services. York has had the privilege of being a long term partner of the City's and we look forward continuing our services. Our goal is to deliver high level customer service and quality claims management. Your claims team of Deanna, Priscilla and Katrina understand your program better than anyone else and will continue to serve you with the local, seasoned expertise that you have come to expect.

Below is York's proposed life of contract fees. Due to the nature of self-insurance claims wherein the authority to settle and close out claims rests with the City, we respectfully decline to propose Life of Claim pricing. Our people are our service and as such we look to provide competitive salaries and benefits, to provide continuous training and retain our staff. Our fee proposal includes a year over year increase to offset the increase salary costs.

WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICES	
FLAT ANNUAL FEE	
	Year 1 \$33,500*
*will have a 2% increase per year.	
<p>The annual flat fee proposed contemplates handling all claims activity in a 12-month period (claims already open at the beginning of the 12-month term and any new claims reported during the 12-month term). The pricing quoted includes all indemnity, future medical and medical only claims as listed in the RFP. The cost of handling the existing open files are included in the flat annual fee quoted. Our claims fee contemplates direct salaries and overhead allocation and that will allow us to recruit high caliber staff, management and clerical support help us deliver on our promises to the City.</p>	
<p>Payment of ALAE is the responsibility of the City of Beaumont. York's fees do not cover ALAE, and York is under no obligation to pay ALAE with its own funds. <i>Please refer to Exhibit D for ALAE's that are not included in our claims administration fee.</i></p>	



Managed Care Fees* :

BILL REVIEW	
Fee	\$9.42 per bill PPO Savings 24%
NURSE CASE MANAGEMENT	
Telephonic Nurse Case Management	
Field Case Management	NCM hourly rate, plus IRS Mileage Rate
Fee	\$98* per hour
UTILIZATION REVIEW	
UR Procedure Rate (level 1 & 2)	\$149
Medical Director Review/Peer Review (level 3)	\$258/\$400
Specialty Review/Appeals	
MPN	
	\$48 Access Fee and 50% Split
MEDICARE SECONDARY PAYER SERVICES (MSA)	
Standard MSA	\$2,750
Medical Cost Projections	\$1,500
Conditional Payment Request	\$150
Conditional Payment Resolution	\$150/Hr

*All quoted managed care fees are guaranteed for years 1 & 2. Years 3, 4 and 5 are subject to 2% escalators.



F. EXHIBITS

Exhibit A: Litigation Management Program

Exhibit B: York's Claims Best Practices

Exhibit C: Sample Transition Plan

Exhibit D: Allocated Loss Adjustment Expenses

Exhibit E: Resumes

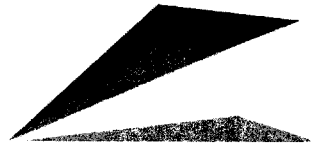


Exhibit A

Litigation Management Program



LITIGATION MANAGEMENT GUIDELINES



YORKTM

Litigation Management

Summons & Complaint - Initial Handling

All lawsuits received must be reviewed by a supervisor. The supervisor should review the allegations and comment on any coverage issues that may exist. The lawsuit should then be entered into York Claims Expert as a suit via the "litigation tab." The summons and complaint should then be given along with the file to the handling adjuster for their review. The adjuster must review all allegations to determine if any coverage issues exist. If the summons and complaint is our first notice, we need to explore whether there is a late notice issue that may warrant an ROR. This is especially important if our client is the carrier.

After review of the complaint, the adjuster needs to contact the insured to:

- Determine how was the summons served
- Determine whether the summons was served properly
- Establish whether the insured had any prior notice of the occurrence
- Document the insured's version of the occurrence.
- Advise the insured as to the identity of the defense counsel assigned.

The adjuster should then contact plaintiff's counsel to determine the following information:

- The plaintiff's address, date of birth, social security number and driver's license number.
- Specific injury information
- Whether emergency room treatment was required
- Whether there was an ambulance at the scene of the loss
- The claimant's version of the occurrence
- Whether there are any defects in the service of the complaint
- Identity of potential witnesses
- Extent of special damage to date and exposure for general damages
- Identity of potential collateral sources
- WC/PIP lien information, if any

Once the above is secured and if it appears we are dealing with an adverse liability situation, we should secure an extension of time to answer the complaint and request all medical and wage documentation from plaintiff's counsel. We also should request their settlement demand.

If it appears we need defense counsel to conduct discovery, the adjuster needs to discuss this with his/her supervisor, so counsel can be assigned. Assignment to defense counsel does not alleviate the adjuster's responsibility to conduct a thorough investigation.

If defense counsel is being assigned, account instructions need to be referenced to determine if staff, panel or dedicated counsel will be utilized. The supervisor will assign appropriate counsel and indicate approved the rates for that firm in the litigation tab.

All data fields in the litigation tab such as; "Type, Venue & Stip Date.", should be completed. Completion of the data fields enables generation of litigation management reports which identify trial, mediation & arbitration dates.

Expense reserves must reflect the ultimate probable cost of conducting discovery and any other related allocated costs.

Once defense counsel is assigned, the lawsuit should be faxed to the assigned defense counsel with specific handling instructions. A follow up referral letter must be sent with a copy of our file. The appropriate vendor language needs to be in body of our referral letter.

The vendor language is as follows:

“When you accept this referral, please understand that our mutual client _____ is responsible for all charges; however as the claims administrator we have been asked to process your bills. Therefore, we request that you address all invoices to the Client c/o York Claims Service.”

The adjuster, if the loss cannot be settled without intervention from defense counsel, needs to assign and conduct a thorough investigation. The referral letter should also request an acknowledgement from defense counsel via e-mail along with their initial review and comment on liability, damages and further investigation they deem necessary to protect the insured's interests. A litigation and budget plan should be requested from defense counsel. Defense counsel reports should be electronically attached to the file.

Once the above is secured, the adjuster should determine if plaintiff's counsel filed the complaint in the proper venue. If a change of venue is to be made, we must be sure it will increase our chances to prevail.

A thorough review of the complaint must be made to determine whether the insured needs to be advised of a potential exposure in excess of available coverage, i.e., is an excess letter needed? If so, one must be sent via certified mail return receipt requested along with a copy to the broker/MGA. The excess letter should identify the assigned defense counsel.

Identify all of the defendants named in the complaint. If we do not know the relationship between the defendants and the insured can not assist us, we need to have defense counsel follow up via discovery. However, a simple call to plaintiff's counsel should be made as usually they will cooperate and provide information as to the relationships of the defendants.

Follow Up Diary

Adjusters should regularly review every litigated file and follow up on the status of agreed litigation plans. Regular reports should be received from counsel of any other party(s) assisting in an investigation. Even if a claim is in litigation, it is important that the handling adjuster maintains control over the investigation in order to control expenses and capitalize on timely opportunities to resolve the exposure. Defense counsel should provide agreed to services at the direction of the adjuster unless otherwise mandated by account guidelines.

Periodic telephone contact with and/or reports from defense counsel need to document whether plaintiff's counsel has responded to our discovery requests and, if not, what the plan of action is. Status updates should advise whether there are motions that need to be made, has a discovery schedule been set by the courts, etc.

Periodic review of the litigation file should document whether we agree with defense counsel's litigation and budget plan? The adjuster must control and direct defense counsel. Once the plaintiff's initial discovery responses are received an exposure analysis should be made based on coverage, liability and damages taking in to account mitigating defenses and potential contribution from collateral sources. Economic consequences of continued litigation always need to be compared to desired outcomes. Judgment calls will be made in consultation with our client.

Deposition summaries and other litigation documents should be electronically attached to the file. File notes do not need to duplicate these documents. File notes should reference the documents and reflect how they impact the case. File notes should always reflect a concise plan of action

Negotiations

It is the responsibility of the adjuster to conduct negotiations unless we are at trial, arbitration or mediation. Even then, the adjuster must maintain control of the settlement process.

Defense Counsel Invoices

Upon receipt of a legal bill, charges must be carefully scrutinized to determine if all the work that defense counsel is charging for been completed and authorized? No work should be conducted by defense counsel unless specifically authorized by the adjuster. Charges should be a function of agreed upon rates.

Evaluate whether legal bills fall within the agreed litigation budget plan. If not, why not? Continually evaluate whether expense reserves need to be updated.

Experts

The adjuster must approve all experts and expert fees. It is important that we “line up” all experts so we have a solid, coherent defense.

Mediations/Arbitrations

Defense counsel should provide the adjuster with a thorough case analysis at least thirty days prior to a mediation or arbitration with their opinion on liability, verdict and settlement value.

The adjuster, or an authorized representative, should attend mediations/arbitrations. Defense counsel should provide the outcome to the adjuster as soon as possible.

Trials

Trial dates must be promptly reported to our clients. A pre-trial report should be secured from defense counsel thirty days prior to trial. The adjuster **must** review any file that proceeds to selection of a jury with their supervisor. Any decision to continue a trial rather than resolve a claim will be made in consultation with our client. Once the jury has been selected, a complete evaluation of the jury pool should be secured and supplied to the insured and carrier.

At the minimum, defense counsel must provide a daily status to the adjuster. This status must be reported to the carrier and any other interested party. Documentation of this is crucial and should encompass all status contacts and instructions by the carrier.

If a case is going to verdict, we **must** have the consent of the carrier. Even if our SIR client expresses an interest in allowing the case to go to verdict, we **must obtain** the express consent of the carrier.

Client authorization must be obtained prior to pursuit of an appeal.

Exhibit B

York's Claims Best Practices





York Risk Services Group

Workers' Compensation Best Practices for Claims Handlers as of January 1, 2015

These Best Practices have been established as guidelines to our York Claims Handlers and our Customers to aid the establishment and communication of clear instructions and expectations to everyone involved in the administration of Workers' Compensation claims. Nothing contained in these guidelines should be considered a rigid rule to be followed without regard to the particular circumstances of a claim. Rather, the purpose of the guidelines is to offer recommendations and checklists to assist those involved to achieve important goals: (1) the best possible medical outcomes for injured employees; (2) the return of injured employees to productive work; (3) accurate and timely processing of all benefits payments that are owed under the pertinent Workers' Compensation Laws and Regulations; and (4) the protection of our clients and their stakeholders from cost beyond those necessary to achieve these goals.

Claims Set-up and Initial Claims Handling

Claims Set-up

Claim files are set up in the same day the notice is received. If a claim is received beyond normal business hours, the file is set up at the outset of the next business day.

Catastrophic cases are reported to Excess Carriers via email or phone within 24 hours of notice.

Claims set-up is the initial step in our process of resolving claims quickly and fairly in accordance with applicable rules and standards.

Analyzing Coverage

Prior to conducting our initial investigation, coverage is confirmed by verifying that there is an active policy for the reported date of injury and location. The policy is also reviewed for exclusions or endorsements that may impact coverage for the claim.

Establishing the exact nature of coverage for each claim is a baseline element of handling new losses.

Initial Investigation

Each claim is investigated to obtain all relevant information regarding (1) nature, (2) extent, (3) causality and (4) course and scope of employment. Key fraud indicators are identified and investigated.

Investigations are planned and followed-up with appropriate urgency.

Immediate first-hand knowledge permits adjuster to direct the investigation and better control the exposure. Early claim analysis expedites decision-making and claims resolution.

Three-Point Contact

As part of the initial investigation, three-point contact attempts are made on Indemnity claims within 24 hours of knowledge. Two-point contact attempts are made on medical only claims within 24 hours. Follow-up contact attempts are completed within the next two days. If no phone contact is made, follow-up contact letters are sent to the injured employee by the third day. If no contact has been made at the time of the 10-day diary, an email is sent to the employer and the activity is documented in the claim file.

A quick response gives a fuller and more accurate account of important facts and evidence.

Investigation-Ongoing

Investigation continues throughout the life of the file. All necessary information is obtained to address unresolved or new issues. Witnesses are contacted where warranted. Key fraud indicators are identified and investigated.

Investigations are planned and followed-upon with appropriate urgency.

Continuing investigation throughout the life of the file permits adjuster to develop aggressive action plans and better control the exposure. Continual claim analysis expedites decision-making and claims resolution.

Indexing

Indemnity claims are indexed upon claim registration and annually thereafter as long as the file remains open. Injuries and incidents identified by the indexing process are investigated for a relationship to the Claim File.

Reporting of claims to Index Bureau identifies potential sources of recovery and potential duplications of injury history.

Initial Reserves

Appropriate reserves are set based on Ultimate Probable Outcome within 5 business days of notice of new loss. Reserves above the threshold established in the Account Instructions are approved by the Customer.

Provide a quick assessment of claim exposure.

Decision to Accept/Delay/Deny a Claim

Determinations to accept, delay or deny a claim are made within 14 days or to meet jurisdictional requirement. Denials of any claim are approved by the customer.

A timely and complete claim determination maintains control of the claim file and reduces unnecessary litigation.

Mitigation

Identify Subrogation Opportunities

Attempts to determine subrogation opportunities are made within 14 days or to meet jurisdictional requirement. Opportunities are investigated, documented and pursued.

Successful subrogation efforts prevent our customers from incurring costs properly borne by other parties.

Apportionment

Lien rights are protected and acted upon. Apportionment opportunities are investigated, documented and pursued.

Thorough establishment of proportional liability of other parties protects our customers from incurring costs properly borne by other parties.

Litigation Management

1. Cases are referred to approved defense attorneys with appropriate direction; 2. Appropriate litigation plans and budgets are developed; 3. Examiners direct claims handling strategies and do not cede claims handling responsibilities to defense attorneys; 4. Claim files are managed to avoid unnecessary legal expenses; 5. Legal fees and costs are reviewed and adjusted.

Defense attorneys are valuable members of a claims handling team for certain claim files, but our examiners retain control of each file we administer regardless of the circumstances.

Medical Management

Disability Management

Claim handling efforts are planned to provide a prompt and realistic return to productive work for each injured worker, using creative methods and data-driven analytics to move onto the best possible healing path. Special attention will be given a patient whose recovery lags behind reasonable expectations.

Emphasizing quality medical care and prompt return to work speeds the recovery time of injured workers and minimizes disruption and cost for our customers.

Selection of Treating Physicians

Working within the established rules of each jurisdiction, the best available physicians and medical providers will be employed to return each patient to health and the highest possible function.

Employing the right physician provides timely and appropriate care to injured workers.

Medical Treatment Plans

Working within the established rules of each jurisdiction, the most effective means and treatment will be employed to return each patient to health and the best possible function.

Concise and direct treatment plans improve the value of medical treatment provided to each injured worker.

Nurse Case Management

Nurse Case Managers and other healthcare professional consultants are used to aid the healing process whenever warranted by the condition and circumstances of the patient in a manner established by the Account Instructions.

Nurse case managers can improve communication and outcomes on complex cases.

Benefit Payments

Indemnity Payments

Initial Benefits are issued within 14 days of knowledge of disability or to meet jurisdictional requirements.

Periodic payments issued according to jurisdictional requirements.

Fair and timely benefit payments are a core element of workers' compensation programs.

Wage Statements

Documentation of each Indemnity file contains a wage statement or note indicating how the benefit was derived including documentation as to method, jurisdiction and calculation of wages.

Timely and accurate benefit computations build trust with injured workers and avoid overpayments and penalties.

Reimbursable Expenses

Payments issued within 5 business days from receipt of required documentation.

Fair and timely reimbursement of expenses reduces the financial strain on injured workers and avoids penalties.

Pay/Contest a Medical Bill

Decisions to Pay or Contest a Medical Bill are made within five business days of receipt of required documentation. Contested bills are objected to in accordance with jurisdictional rules. Otherwise, bills are processed for payment as required under jurisdictional timeframes.

Fair determinations and appropriate payment for medical costs helps ensure good relations between medical providers, patients and our customers.

Pay Court Approved Settlements

Awards are paid within jurisdictional timeframes and to avoid the claim staying open longer than necessary. Authority to settle is obtained from customers as directed in the Account Instructions.

Fast & accurate payment of awards displays our commitment to resolve fairly all claims we administer.

Communication

Responding to Phone Messages

Calls are returned on the same day if possible but within at most 24 hours from the initial message, adjusting for holidays and weekends.

Responding to Correspondence

Response to correspondence is made quickly as warranted to move the case toward resolution. Written responses are made to within 5 business days of receipt.

Responding to Email Correspondence

Email correspondence is returned on the same day if possible but within at most 24 hours from the initial message, adjusting for holidays and weekends.

Prompt responses to all parties help speed the resolutions of all claims, nurture relationships and build our reputation for attentiveness and responsibility.

Periodic Review of Open Files

Examiner Review: Medical Only Cases

Significant information is acted upon whenever discovered or reported. Open files are reviewed not less frequently than every 45 days as necessary to move files toward resolution.

Quick attention to relatively minor conditions reduces the likelihood that medical problems will worsen and claims will escalate.

Examiner Review: Active Indemnity Cases

Significant information is acted upon whenever discovered or reported. Open files are reviewed at 30 days from initial assignment and thereafter not less frequently than every 90 days as necessary to move files toward resolution.

A consistent process of analyzing facts and identifying the best possible plans of action is essential for timely resolution of claims.

Examiner Review: Maintenance Medical Cases

Significant information is acted upon whenever discovered or reported. Open files are reviewed not less frequently than every six months. Reviews of benefit payments and required activity are conducted annually.

Our responsibility to management medical benefits and pay expenses timely does not change when the case is resolved.

Supervisor Review

Supervisors review each file at initial assignment and thereafter direct and advise examiners as frequently as needed to ensure the best possible outcome on each claim file. Supervisors ensure that significant information is acted upon whenever discovered or reported and that prior instructions to examiners have been carried-out effectively.

Supervisors provide added oversight to the work of examiners, ensuring consistency of claims handling, prudent financial management and adherence to special Client Instructions.

Case Review and Documentation

Nature and extent of each injury is promptly established and updated. Documentation reflects any significant developments and includes a POA to move the file toward resolution. Attached documents are annotated to reflect content and relevance to the file.

Proper documentation communicates important facts and circumstances of each case and memorializes conversations, activities and file planning to achieve the best possible outcome.

Financial Management**Establishing and Maintaining Reserves**

Initial Reserves are established within five business days of notice of new loss. Reserve changes are made with the completion of comprehensive worksheet. Reserves are adjusted timely based upon material changes documented within each claim file. Adequacy of reserves is commented upon as an aspect of each diary review.

Proper reserves provide a clear appraisal of financial exposure on each claim file.

Reimbursement from Excess Coverage sources

Initial request for reimbursement are made within 30 days of exceeding the retention, and thereafter in 90 day increments or as directed by the Excess carrier or coverage source.

Prompt and frequent requests for reimbursement protect the assets of our customers against the impact of large losses.

Apportionment, Subrogation and Subsequent Injury Funds

Sources of reimbursement are pursued and funds are collected whenever available and coded as a recovery to the Claim File.

Early recognition, timely handling and appropriate pursuit of reimbursement protects the assets of our customers against costs attributable to other parties or covered by statutory reimbursement Funds.

Reporting

Excess Reporting

Catastrophic cases are reported to Excess Carriers via email or phone within 24 hours of notice. Formal reports are provided within 10 days. Other claims are reported within 14 days of identification of reaching the reporting threshold.

Timely and comprehensive reporting enables maximum collaboration with excess carriers on claims management.

Medicare

Medicare interests are documented in each indemnity file and addressed in settlement documents.

Strict adherence to Medicare standards protects the interests of all parties involved with a claim file.

Other Agency Reporting

Data gathering and reporting requirements are fulfilled as prescribed by rules or requirements.

Accurate reporting provides a clear picture of claims parameters to reporting agencies and enhances our reputation for thoroughness.

Additional Resources

Appropriate internal/external Subject Matter Experts are used to achieve an appropriate claim outcome on every claim file.

Use of specialized support services reduces disruptions and associated costs when used appropriately.

Closures and Claims Status

Close or Transfer Medical Only Files

Medical Only files are resolved within 30 days of receipt of final medical bill. Closure or conversion to an indemnity status is considered at 90 days from notice of loss or once the total incurred value of a loss reaches \$3,500. If the circumstances in the file change, it is converted to indemnity within 24 hours of recognition.

Keeping a close watch on claims that appear to be relatively minor events prevents problems from escalating and identifies larger issues that may have been undetected in the initial investigation.

Resolution Efforts

Possibilities for resolution are considered at appropriate junctures during the life of each file. Action plans are developed for moving each file toward resolution.

Prompt resolution of claim files reduces disruptions for injured workers and our customers and limits costs associated with financial uncertainty.

Obtain Settlement Authority

Authority to settle is obtained from customers as directed in the Account Instructions. Appropriate authority is secured prior to settlement conferences, allowing adequate time for funding of payment accounts. Adequate reserves are established prior to settlement discussions.

Clear communication with our customers regarding the terms of settlement authority creates alignment of efforts and leads to prompt and fair settlements.

Resolving Files

Each claim file is moved toward a fair and cost effective resolution as efficiently as possible.

Our primary purpose: Resolving claims quickly and fairly in accordance with applicable rules and standards.


Exhibit C

Sample Transition Plan




YORK		Sample Client Implementation - ABC Company	Project %	0.00%		
Notified of Contract Begin:			Implementation	TBD		
Client ID			Sales			
YCE Version (and ASP)			Account Manager			
Contract Effective Date			Regional VP(s)			
Line of Business			Assistant VP(s)			
Market Type			Client Contacts			
Contract Negotiation Period			Broker(s)			
Implementation START Date			Carrier(s)	N/A		
Implementation END Date (with signoffs)			Prior TPA			
Claim Count: (Estimate)			Jurisdictions			
Pre-Implementation Phase (Some items in this section may continue through duration of project)						
ID	Task Name	Resource	Target Finish Date	Actual Finish Date	% Complete	Notes
1	Contract and Pricing Initiation and Finalization	Sales / AM / Client / Legal			0%	
2	Engage Client Implementation Team	Sales / Account Manager / Client Implementations			0%	
3	Assignment - Senior Account Manager	Client Services			0%	
4	Assignment - Regional Vice President(s) (RVP)	Operations			0%	
5	Assignment - Asst. Vice President(s) (AVP) and Unit Manager(s)	Regional Vice President			0%	
6	Assignment - Claims Director	Practice Leader			0%	
7	New Client Set-up Form	Sales			0%	
8	Document Client Service Instructions	Account Manager			0%	
Meetings and Communication Phase						
ID	Task Name	Resource	Target Finish Date	Actual Finish Date	% Complete	Notes
	Internal York Meeting				0%	
1	Determine Project Team	Client Implementations			0%	
2	Engage Regional Vice Presidents (RVP)	Client Implementations			0%	
3	Prepare Internal Meeting Agenda & Schedule Meeting	Client Implementations			0%	
4	Internal Meeting (York Team)	Client Implementations			0%	
5	Determine Action Items	Client Implementations			0%	
6	Prepare / Provide Internal Meeting Summary	Client Implementations			0%	
	External Party Meetings (York, Client, Broker, Carrier, TPA)					
1	Prepare External Agenda & Schedule Meeting	Client Implementations			0%	
2	Initial External Meeting (York / Client / Broker / Carrier / TPA)	Client Implementations			0%	Full Team Meeting
3	Determine Action Items	Client Implementations			0%	
4	Prepare / Provide External Meeting Summary	Client Implementations			0%	
5	Status Meeting (2nd Meeting)	Client Implementations			0%	Only "applicable" attendees required for meeting
6	Status Meeting (3rd Meeting)	Client Implementations			0%	Only "applicable" attendees required for meeting
7	Status Meeting (4th Meeting)	Client Implementations			0%	Only "applicable" attendees required for meeting
8	Status Meeting (5th Meeting)	Client Implementations			0%	Only "applicable" attendees required for meeting
9	Status Meeting (6th Meeting)	Client Implementations			0%	May also serve as project closure meeting
Implementation Phase						
ID	Task Name	Resource	Target Finish Date	Actual Finish Date	% Complete	Notes
	Notices				0%	
1	Carrier Notification	Carrier Resource			0%	
2	Announce New Client to Internal York Distribution List	Client Implementations			0%	Pending contract

**Please note that all dates are subject to change based on data availability, accuracy, and quality and/or other factors, such as requested changes to the program during the transition process.

 Sample Client Implementation - ABC Company		Project %	0.00%
Notified of Contract Begin:		Implementation	TBD
Client ID		Sales	
YCE Version (and ASP)		Account Manager	
Contract Effective Date		Regional VP(s)	
Line of Business		Assistant VP(s)	
Market Type		Client Contacts	
3	Provide York Contact Matrix to Client	<i>Account Manager</i>	0%
4	Notify Offsite Storage Vendor (if applicable)	<i>Client Implementations</i>	0%
5	Notify Jurisdictions (if applicable)	<i>Client Data / Operations</i>	0%
Client Records			
1	Obtain Copies of Binders/Policies	<i>Client Records</i>	0%
2	Obtain Client Hierarchy	<i>Client Records</i>	0%
3	Setup Client/Hierarchy in YCE	<i>Client Records</i>	0%
4	Obtain Hierarchy Approval (Client)	<i>Client Records</i>	0%
Reporting			
1	EDI Set-up (if applicable)	<i>Client Records</i>	0%
2	ISO Set-up (if applicable)	<i>Client Records</i>	0%
3	Data Exports Set-up (Carrier, Client)	<i>Client Data</i>	0%
4	MMSEA Set-up (if applicable)	<i>Client Records</i>	0%
Managed Care			
1	WellComp Set-up	<i>Medical Management</i>	0% WellComp Services (MBR, NCM, UR)
2	Progressive Set-up	<i>Medical Management</i>	0% First Fill Program
Claim Intake			
1	QRM/OSC Notified/ Set-up	<i>Data Integrity or OSC Manager</i>	0%
2	Vanity Line (if applicable)	<i>Data Integrity or OSC Manager</i>	0%
3	Set-up Claim Intake (E-mail, Web Intake)	<i>Data Integrity or OSC Manager</i>	0%
Banking			
1	Set-up Bank Account	<i>Banking</i>	0% York / Client Owned (Upon receipt of Contract)
2	Special Client Instructions	<i>Banking</i>	0% Positive Pay, Escrow, Level Notifications
3	Obtain Funding	<i>Banking</i>	0%
System Access			
1	IT Forms - YCE Claims Access (Claims View, Web Intake)	<i>Account Manager</i>	0%
2	IT Forms - YCE Reports Access (YCE, Version A)	<i>Account Manager</i>	0%
3	User(s) Set-up (Claims View and Web Intake)	<i>Information Technology</i>	0%
4	User(s) Set-up (Reports - YCE, Version A)	<i>Information Technology</i>	0%
Training			
1	Web Intake	<i>Claim Intake Manager</i>	0% if applicable
2	Claims View	<i>Training Manager</i>	0% if applicable
3	Reports	<i>Training Manager</i>	0% if applicable

**Please note that all dates are subject to change based on data availability, accuracy, and quality and/or other factors, such as requested changes to the program during the transition process.

		Sample Client Implementation - ABC Company			Project %	0.00%
Notified of Contract Begin:						
Client ID		Implementation		TBD		
YCE Version (and ASP)		Sales				
Contract Effective Date		Account Manager				
Line of Business		Regional VP(s)				
Market Type		Assistant VP(s)				
File Transfer		Client Contacts				
1	Transfer Instructions to Prior TPA if Takeover Claims	Client Implementations		0%	If applicable	
2	Physical Files (Onsite)	Client Implementations		0%	If applicable	
3	Physical Files (Offsite)	Client Implementations		0%	If applicable	
Data Conversion Phase						
ID	Task Name	Resource	Target Finish Date	Actual Finish Date	% Complete	Notes
						0%
Test Phase						
1	Obtain Test Data File(s)	IT Resource			0%	Dates in this section are contingent upon carrier approval and data receipt from prior TPA.
2	Analyze Data and Complete Mapping	IT Resource / Operations / Client Data			0%	
3	Obtain Mapping Signoff	IT Resource / Client Data			0%	
4	Load Test Data (Test environment)	IT Resource			0%	
5	Validate Data Loaded	Client Data			0%	
6	Obtain Client Signoff	Account Manager			0%	
7	Obtain Operations Signoff	Client Data			0%	
Final Phase - The Final Data Files are not generally provided prior to month-end process completion.						
1	Obtain Final Data File(s)	IT Resource			0%	Dates in this section are contingent upon carrier approval and data receipt from prior TPA.
2	Analyze Data	IT Resource			0%	
3	Load Data (Test Environment)	IT Resource / Client Data			0%	
4	Validate Data Loaded	Client Data			0%	
5	Obtain Client Sign-off	Account Manager			0%	
6	Obtain Operations Sign-off	Client Data			0%	
7	Load Data (Production)	IT Resource			0%	
8	Validate Data Loaded	Client Data			0%	
9	Obtain Operations Signoff	Client Data			0%	
10	Prepare "TEST" Export File for Carrier (if applicable)	IT Resource			0%	
11	Obtain Carrier Sign-off (if applicable)	IT Resource / Client Data			0%	
Post-Implementation Phase						
ID	Task Name	Resource	Target Finish Date	Actual Finish Date	% Complete	Notes
						0%
Operations and Quality Review (Historical Data)						
1	Triage Claims	Operations, Claims Director			0%	Start the 1st business day loaded to production
Implementation Project Closure						
1	Schedule Project Closure Meeting with Client	Client Implementations			0%	
2	Obtain Implementation Client Sign-off	Account Manager / Client Implementations			0%	

**Please note that all dates are subject to change based on data availability, accuracy, and quality and/or other factors, such as requested changes to the program during the transition process.

Exhibit D

Allocated Loss Adjustment Expenses



Allocated Loss Adjustment Expenses

York will arrange for various services and other costs as agent for the City. These costs are referred to as Allocated Loss Adjustment Expenses (ALAE). A list of these expenses follows. Payment of ALAE is the responsibility of the City of Manhattan Beach. York's fees do not cover ALAE, and York is under no obligation to pay ALAE with its own funds.

- Fees of outside counsel for claims in suit, coverage opinions and litigation and for representation at hearings or pretrial conferences
- Fees of court reporters
- All court costs, court fees and court expenses
- Fees for service of process
- Costs of undercover operatives and detectives
- Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, diagrams
- Costs for employing experts for the advice, opinions or testimony concerning claims under investigation or in litigation or for which a declaratory judgment is sought
- Costs for independent medical examination or evaluation for rehabilitation
- Costs of legal transcripts of testimony taken at coroner's inquests, criminal or civil proceeding
- Costs for copies of any public records or medical records
- Costs of depositions and court reported or recorded statements
- Costs and expenses of subrogation
- Costs of engineers, handwriting experts or any other type of expert used in the preparation of litigation or used on a one-time basis to resolve disputes
- Witness fees and travel expenses
- Costs of photographers and photocopy services
- Costs of appraisal fees and expenses (not included in flat fee or performed by others)
- Costs of indexing claimants
- Services performed outside York's normal geographical regions
- Costs of outside investigation, signed or recorded statements
- Out of the ordinary expenses incurred in connection with an individual claim or requiring meeting with Customer
- Any other extraordinary services performed by York at the City's request
- Investigation of possible fraud including SIU services and related expenses
- Any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss or to the protection or perfection of the subrogation rights of the City.

The City may elect to utilize York's staff to perform these services. Associated fees and costs will be charged as ALAE.

Exhibit E

Resumes





155-Account Management
313 East Foothill Bl. Upland, CA, 91786

Veronica Ibarra - Client Services - Other Categories

Direct Dial: (909) 942-4839

Fax: (909) 608-7165

Email: Veronica.Ibarra@yorkrsg.com

Industry Experience: 23 years

Service with York: 17 years

Employment: Full time

Licenses In States:

- Workers Comp: WCCP, RMPE

Responsibilities include:

- Implement program internally and externally
- Respond to general inquiries/requests
- Act as liaison between clients and our branch offices
- Maintain program hierarchy
- Coordinate file reviews
- Train clients in Claims Connect
- Verify that servicing instructions are documented and followed
- Provide analysis and trends of program loss history

Business Experience:

- Workers' Compensation: Employer Liability
- Workers' Compensation: Indemnity
- Workers' Compensation: Medical Only

Industry Expertise:

- Public Entities and Administration

Languages:

- English
- Spanish



701-Inland Empire I

313 East Foothill Bl. Upland, CA, 91786

Deanna Carson, SIA, WCCA - Supervisor

Direct Dial: 909-942-4853

Fax:

Email: Deanna.Carson@yorkrsg.com

Industry Experience: 14 year

Service with York: 8 years

Professional Affiliations/Awards:

- Self-Insurance Administrator certificate
- IEA Certification WCCA

Licenses In States:

- Workers Comp: CA

Responsibilities include:

- Supervision of adjusting team
- Oversight of adjusters work product to ensure:
 - Accurate caseloads are maintained
 - Training and development opportunities are identified and met
- File reviews for:
 - Accurate technical handling with focus on:
 - Coverage Analysis
 - Investigation
 - Reserving
 - Action Plans
 - Litigation Management
 - Compliance with customer requirements

Business Experience:

- Recovery
- Workers' Compensation: Employer Liability
- Workers' Compensation: Indem/Time Lost
- Workers' Compensation: Indemnity
- Workers' Compensation: Medical Only

Industry Expertise:

- Health Care
- Public Entities and Administration
- Schools



701-Inland Empire I
313 E Foothill Blvd Upland, CA, 91786

Priscilla MezaGodinez - Senior Claims Examiner

Direct Dial: (909) 942-4824

Fax: (909) 608-7165

Email: Priscilla.MezaGodinez@yorkrsg.com

Industry Experience: 30 year
Service with York: 6 years

Licenses In States:

- Workers Comp: CA

Responsibilities include:

- Accurate, consistent claim adjusting
- Compliance with customer requirements
- Focus on:
 - Coverage analysis
 - Timely Investigation
 - Evaluation and Reserving
 - Resolution
 - Recognition of subrogation/recovery potential

Business Experience:

- Workers' Compensation: Indemnity/Time Lost/Future Medical
- Workers' Compensation: Indemnity/Supervisor
- Workers' Compensation Medical Only

Industry Expertise:

- Public Entities and Administration

Other Qualifications:

- IEA certificate
- Self Insured

Languages:

- English
- Spanish



712-Inland Empire II
313 East Foothill Blvd Upland, CA, 91786

Katrina Alvare, WCCA - Claims Examiner

Direct Dial: (909) 942-4906

Fax: (909) 608-7165

Email: Katrina.Alvare@yorkrsg.com

Industry Experience: 13 years

Service with York: 2 years

Employment: Full time

Formal Education:

- Mount San Antonio College 4 years-No Degree

Licenses In States:

- Workers Comp: CA

Responsibilities include:

- Accurate, consistent claim adjusting
- Compliance with customer requirements
- Focus on:
 - Coverage analysis
 - Timely Investigation
 - Evaluation and Reserving
 - Resolution
 - Recognition of subrogation/recovery potential

Business Experience:

- Workers' Compensation: Indemnity/Time Lost
- Workers' Compensation: Indemnity
- Workers' Compensation: Medical Only
-



CITY OF BEAUMONT

June 25, 2015

Subject: Request for Proposal (RFP) – Workers Compensation Third Party Administrator (TPA) Services

Dear Sir or Madame:

The City of Beaumont is seeking responses to its Request for Proposals (RFP) from qualified Third Party Administrator (TPA) firms with demonstrated experience and expertise in administering the Workers Compensation Program of a self-insured public entity.

Responding proposals shall include the following information:

A. Company Overview

- Describe your organization, include history, ownership, and number of years in business providing TPA services.
- Provide the size and structure of your organization, including the number of claim adjusters and claim support personnel.
- Provide the address of the corporate headquarter location and the location of the claim office that would be assigned to service the City of Beaumont
- Indicate which services are owned by your company and which services you use sub-contractors.

B. Qualifications

- Describe your company's TPA experience and qualifications in providing Workers' Compensation service to municipalities or other similar public entities. Include a list of current municipal clients.
- Identify proposed staff members who would be assigned to the City of Beaumont and submit statements or resumes detailing their qualifications and experience with municipalities.
- Describe your proposed scope of services for the City of Beaumont in Claims Administration, Bill Review, Medical Management, Legal Administration, Return-to-Work Program, and Risk Management Information System (RMIS).
- Describe the caseloads of your medical only and indemnity adjusters.
- Describe your bill review and utilization review process.
- Describe any feature of your company that distinguishes your from your competitors.
- Describe any value added services such as web-based applications that enable the injured worker to access claim forms and submit them online.
- Describe your company's best practices in claims, handling, claim supervision of litigated claims, claim status communication.
- Describe your return-to-work philosophy.

C. References

- Provide three (3) references with similar operations and services, such as other municipalities, for which you currently provide Workers' Compensation TPA services. Include dates of service, client's name and contact person with telephone numbers and e-mail addresses.

D. Transition Plan

- Provide a proposed transition plan and implementation timetable, which the City of Beaumont can immediately implement after vendor selection.

E. Pricing

- Provide a cost proposal that includes a summary of all fees detailing services related to such fees, including full disclosure of sub-contractor fees associated with claim services to be provided through the TPA.
- Provide pricing for both life of claim and life of service agreement. This should include pricing structure for both run of claims and new claims occurring as of September 1, 2015.
- If more than one pricing alternative is available, describe in detail each option, including any flat fee option.
- Include any pricing changes over the course of the service agreement and if you offer any flat rate guarantee.

Further comments and/or information may be included in each section or as an addendum.

Proposals are to be submitted electronically in pdf format to the Human Resource Director's Office at karim@beaumont-ca.gov **no later than 3:00 p.m., Friday July 10th, 2015.**

The City reserves the right to reject any and all proposals, to award the professional services agreement in whole or part to the firm that it determines to be most qualified, and to negotiate the terms of service agreement, including the award amount, with the selected TPA prior to entering into a professional services agreement. The City reserves the right to amend its RFP in writing at any time. The City also reserves the right to cancel or reissue the RFP at its sole discretion.

The evaluation and selection of a TPA will be based on the information submitted in the TPA's proposal, pricing services, and compatibility with the City of Beaumont's processes. Responding firms may be requested to provide an oral presentation or to participate in an interview process. Should you have any questions, please contact me at (951) 769-6062.

Sincerely,



Kari Mendoza
Acting Director of Human Resources
karim@beaumont-ca.gov
951-769-6062



Staff Report

TO: City Council

FROM: Jeff Hart, Public Works Director

DATE: July 7, 2020

SUBJECT: **Award a Public Works Agreement to The Van Dyke Corporation for Construction Services for Seneca Springs Lift Station Piping Modifications Project in an Amount Not to Exceed \$38,720; and, Authorize the City Manager to Sign Change Orders up to an Additional \$5,000 for a Total Not to Exceed Construction Budget of \$43,720**

Background and Analysis:

The Seneca Springs lift station was constructed in 2005 and consists of a below-grade wet well, a manhole structure, at-grade discharge piping, an electrical cabinet, and a transformer. The equipment pad and surrounding asphalt have experienced settlement relative to the wet well. The settlement has resulted in operational issues and distress to the discharge piping.

On December 4, 2018, Council awarded Tetra Tech, Inc., a professional services contract to evaluate the lift station and provide recommendations for repair. Four repairs have been identified as necessary for long-term operation.

Staff prepared a request for proposals (RFP) for construction services for the Seneca Springs Lift Station Piping Modification Project based upon the recommendations provided in the study. The project was advertised May 21, 2020, and two (2) proposals were received on June 5, 2020:

1. The Van Dyke Corporation \$38,720, and
2. Pascal & Ludwig Constructors \$84,832.

Each firm was evaluated in accordance with the simplified pricing procedure as part of the alternative procedure outlined in Municipal Code 3.01.010.

Staff is recommending The Van Dyke Corporation to perform the construction services for the project as their proposal was determined to be inclusive of all recommended repairs and the most cost conscious.

Fiscal Impact:

The public works agreement in an amount not to exceed \$38,720 and a contingency of \$5,000 for the Seneca Springs Lift Station Piping Modifications Project is currently in the capital improvement project list and is within budget.

Recommended Action:

Award a Public Works Agreement to The Van Dyke Corporation for construction services for Seneca Springs Lift Station Piping Modifications Project in an amount not to exceed \$38,720, and
Authorize the City Manager to sign change orders up to an additional \$5,000 for a total not to exceed construction budget of \$43,720.

Attachments:

- A. Public Works Agreement – Seneca Springs Lift Station Piping Modifications Project

**CITY OF BEAUMONT
PUBLIC WORKS AGREEMENT**

This PUBLIC WORKS AGREEMENT (“Agreement”) is made and effective July _____, 2020 by and between the City of Beaumont, a municipal corporation (“CITY”), and The Van Dyke Corporation (“CONTRACTOR”). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

I. SCOPE OF WORK

The CONTRACTOR shall perform within the time set forth in Article 2 of this Agreement and shall furnish all labor, materials, equipment, tools, utility services, and transportation and perform and complete all work required in connection with the Seneca Springs Lift Station Piping Modifications Project (hereinafter “Project”). CITY’s Invitation for Bids (“Invitation”) for the Project, dated May 21 2020, and CONTRACTOR’s Bid in response to the Invitation, dated June 5, 2020, are attached hereto as Exhibits A and B, respectively and incorporated herein by this reference. The Scope of Work for the Project is set forth in the Invitation. In the event that any terms of the Bid are different from the Invitation for Bids, the Invitation for Bids shall control. Any additional terms in the Bid that purport to bind the City to any additional terms not contained in this Agreement and related attachments shall not be binding on the City.

By entering into this Agreement, CONTRACTOR acknowledges that there may be other contractors on the site whose work will be coordinated with that of its own. CONTRACTOR expressly warrants and agrees that it will cooperate with other contractors and will do nothing to delay, hinder, or interfere with the work of other separate contractors, the CITY, the Construction Manager, the Engineer, or utilities. CONTRACTOR also expressly agrees that, in the event its work is hindered, delayed, interfered with, or otherwise affected by a separate contractor, its sole remedy will be a direct action against the separate contractor. To the extent allowed by law, the CONTRACTOR will have no remedy, and hereby expressly waives any remedy against the CITY, the Construction Manager (if any), and the Engineer on account of delay, hindrance, interference or other events.

II. TIME FOR PROJECT COMPLETION

All of CONTRACTOR’s work on the Project shall be completed within durations established for the individual activities. All work shall commence ten (10) calendar days after receiving a written Notice of Award from the CITY or Construction Manager, if a Construction Manager is employed by CITY on the Project. CONTRACTOR shall refer to the invitations for bids, and Project Plans and Specifications, all of which, as set forth below, are incorporated herein by reference, for contractual obligations regarding individual activity durations.

III. THE CONTRACT SUM

The CITY shall pay to the CONTRACTOR for the performance of this Agreement, subject to any additions and deductions provided in the Project documents, the sum of thirty-eight thousand seven hundred twenty dollars (\$38,720.00).

IV. PROGRESS PAYMENTS

Based upon Applications for Payment submitted to the Engineer by the CONTRACTOR and Certificates for Payment issued by the Engineer, the CITY shall make progress payments on account of the Contract Sum to the CONTRACTOR as provided in the General Conditions, which are fully incorporated into this Agreement by this reference.

This Agreement is subject to the provisions of Article 1.7 (commencing at Section 20104.50) of Division 2, Part 3 of the Public Contract Code regarding prompt payment of contractors by local governments. Article 1.7 mandates certain procedures for the payment of undisputed and properly submitted payment requests within 30 days after receipt, for the review of payment requests, for notice to Contractor of improper payment requests, and provides for the payment of interest on progress payment requests which are not timely made in accordance with that Article. This Agreement hereby incorporates the provisions of Article 1.7 as though fully set forth herein.

V. INDEMNITY, DEFENSE AND HOLD HARMLESS AGREEMENT

CONTRACTOR shall indemnify, defend with legal counsel approved by CITY, and hold harmless CITY, its officers, officials, employees and volunteers from and against all liability, loss, damage, expense, cost (including without limitation reasonable legal counsel fees, expert fees and all other costs and fees of litigation) of every nature arising out of or in connection with CONTRACTOR's negligence, recklessness or willful misconduct in the performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement, except such loss or damage which is caused by the sole or active negligence or willful misconduct of the CITY. Should conflict of interest principles preclude a single legal counsel from representing both CITY and CONTRACTOR, or should CITY otherwise find CONTRACTOR's legal counsel unacceptable, then CONTRACTOR shall reimburse the CITY its costs of defense, including without limitation reasonable legal counsels fees, expert fees and all other costs and fees of litigation. The CONTRACTOR shall promptly pay any final judgment rendered against the CITY (and its officers, officials, employees and volunteers) with respect to claims determined by a trier of fact to have been the result of the CONTRACTOR's negligent, reckless or wrongful performance. It is expressly understood and agreed that the foregoing provisions are intended to be as broad and inclusive as is permitted by the law of the State of California and will survive termination of this Agreement.

CONTRACTOR obligations under this section apply regardless of whether or not such claim, charge, damage, demand, action, proceeding, loss, stop notice, cost, expense, judgment, civil fine or penalty, or liability was caused in part or contributed to by an Indemnitee. However, without affecting the rights of CITY under any provision of this

agreement, CONTRACTOR shall not be required to indemnify and hold harmless CITY for liability attributable to the active negligence of CITY, provided such active negligence is determined by agreement between the parties or by the findings of a court of competent jurisdiction. In instances where CITY is shown to have been actively negligent and where CITY active negligence accounts for only a percentage of the liability involved, the obligation of CONTRACTOR will be for that entire portion or percentage of liability not attributable to the active negligence of CITY.

VI. PREVAILING WAGES

- A. Contractor shall comply with all applicable laws and regulations relating to prevailing wages. Wage rates for this Project shall be in accordance with the “General Wage Determination Made By the Director of Industrial Relations Pursuant To California Labor Code, Part 7, Chapter 1, Article 2, Sections 1770, 1773 and 1773.1”, for Riverside County. Wage rates shall conform with those posted at Beaumont City Hall and the Project site.
- B. The following Labor Code sections are hereby referenced and made a part of this Agreement:
1. Section 1775 - Penalty for Failure to Comply with Prevailing Wage Rates.
 2. Section 1777.4 - Apprenticeship Requirements.
 3. Section 1777.5 - Apprenticeship Requirements.
 4. Section 1813 - Penalty for Failure to Pay Overtime.
 5. Sections 1810 and 1811 - Working Hour Restrictions.
 6. Section 1775 - Payroll Records.
 7. Section 1773.8 - Travel and Subsistence Pay.

VII. RECORD AUDIT

In accordance with Government Code, Section 8546.7, records of both the CITY and the CONTRACTOR shall be subject to examination and audit by the Auditor General for a period of three (3) years after final payment.

VIII. FINAL PAYMENT

Final payment, constituting the entire unpaid balance of the Agreement Sum, shall be paid by the CITY to the CONTRACTOR no sooner than thirty-five (35) days after a Notice of Completion has been recorded, unless otherwise stipulated in the Notice of Completion, provided the work has then been completed, the Agreement fully performed, and a final Certificate for Payment has been issued by the Engineer.

IX. CONTRACTOR'S FAILURE TO PROCURE COMPLETION OF PROJECT

In the event CONTRACTOR fails to furnish tools, equipment, or labor in the necessary quantity or quality, or fails to prosecute the work or any part thereof contemplated by this Agreement in a diligent and workmanlike manner, and if the CONTRACTOR for a period of three (3) calendar days after receipt of written demand from CITY or its designated representative to do so, fails to furnish tools, equipment, or labor in the necessary quantity or quality, and to prosecute its work and all parts thereof in a diligent and workmanlike manner, or after commencing to do so within said three (3) calendar days, fails to continue to do so; then the CITY may exclude the CONTRACTOR from the premises, or any portion thereof, and take possession of said premises or any portion thereof, together with all material and equipment thereon, and may complete the work contemplated by this Agreement or any portion of said work, either by furnishing the tools, equipment, labor or material necessary, or by letting the unfinished portion of said work, or the portion taken over by the CITY to another contractor or by a combination of such methods. In any event, the procuring of the completion of said work, or the portion thereof taken over by the CITY, shall be a charge against the CONTRACTOR, and may be deducted from any money due or becoming due to CONTRACTOR from the CITY, or the CONTRACTOR shall pay the CITY the amount of said charge, or the portion thereof unsatisfied. The sureties, provided for under this Agreement shall become liable for payment should CONTRACTOR fail to pay in full any said cost incurred by the CITY.

X. INSURANCE

Prior to the beginning of and throughout the duration of the Project, CONTRACTOR and its subcontractors shall maintain insurance in conformance with the requirements set forth below. Attached hereto as Exhibit C are copies of Certificates of Insurance and the waiver of subrogation endorsement as required by Section 6.B.1. CONTRACTOR will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth herein, CONTRACTOR agrees to amend, supplement or endorse the existing coverage to do so.

CONTRACTOR acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to CONTRACTOR or its subcontractors in excess of the limits and coverage identified in this Agreement and which is applicable to a given loss, claim or demand, will be equally available to CITY.

A. Types of Insurance

Without limiting CONTRACTOR's indemnification of CITY, and prior to commencement of Work, CONTRACTOR shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to CITY:

1. **General liability insurance.** CONTRACTOR shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury, and property damage, and a \$2,000,000 completed operations aggregate. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO “insured contract” language will not be accepted.

2. **Automobile liability insurance.** CONTRACTOR shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the CONTRACTOR arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000 combined single limit for each accident.

3. **Umbrella or excess liability insurance.** If CONTRACTOR is using umbrella coverage to meet part of its liability insurance requirements under Paragraph 1 of this Section, CONTRACTOR shall obtain and maintain an umbrella or excess liability insurance that will provide bodily injury, personal injury, completed operations and property damage liability coverage at least as broad as the primary coverages set forth above, including commercial general liability and employer’s liability. Such policy or policies shall include the following terms and conditions:
 - A drop down feature requiring the policy to respond in the event that any primary insurance that would otherwise have applied proves to be uncollectable in whole or in part for any reason;
 - Pay on behalf of wording as opposed to reimbursement;
 - Concurrency of effective dates with primary policies;
 - Policies shall “follow form” to the underlying primary policies; and
 - Insureds under primary policies shall also be insureds under the umbrella or excess policies.

4. **Workers’ compensation insurance.** CONTRACTOR shall maintain Workers’ Compensation Insurance (Statutory Limits) and Employer’s Liability Insurance (with limits of at least \$1,000,000) for CONTRACTOR’s employees in accordance with the laws of the State of California, Section 3700 of the Labor Code. In addition, CONTRACTOR shall require each subcontractor to similarly maintain Workers’ Compensation Insurance and Employer’s Liability Insurance in accordance with the laws of the State of California, Section 3700 for all of the subcontractor’s employees.

CONTRACTOR shall submit to CITY, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of CITY, its officers, agents, employees and volunteers.

- 5. Pollution liability insurance.** Environmental Impairment Liability Insurance shall be written on a CONTRACTOR's Pollution Liability form or other form acceptable to CITY providing coverage for liability arising out of sudden, accidental and gradual pollution and remediation. The policy limit shall be no less than \$1,000,000 dollars per claim and in the aggregate. All activities contemplated in this Agreement shall be specifically scheduled on the policy as "covered operations." The policy shall provide coverage for the hauling of waste from the project site to the final disposal location, including non-owned disposal sites.

Products/completed operations coverage shall extend a minimum of three (3) years after project completion. Coverage shall be included on behalf of the insured for covered claims arising out of the actions of independent contractors. If the insured is using subcontractors, the Policy must include work performed "by or on behalf" of the insured. Policy shall contain no language that would invalidate or remove the insurer's duty to defend or indemnify for claims or suits expressly excluded from coverage. Policy shall specifically provide for a duty to defend on the part of the insurer. The CITY, its officials, officers, agents, and employees, shall be included as insureds under the policy.

- 6. Builder's risk insurance.** Upon commencement of construction and with approval of CITY, CONTRACTOR shall obtain and maintain builder's risk insurance for the entire duration of the Project until only the CITY has an insurable interest. The Builder's Risk coverage shall include the coverages as specified below.

The named insureds shall be CONTRACTOR and CITY, including its officers, officials, employees, and agents. All Subcontractors (excluding those solely responsible for design Work) of any tier and suppliers shall be included as additional insureds as their interests may appear. CONTRACTOR shall not be required to maintain property insurance for any portion of the Project following transfer of control thereof to CITY. The policy shall contain a provision that all proceeds from the builder's risk policy shall be made payable to the CITY. The CITY will act as a fiduciary for all other interests in the Project.

Policy shall be provided for replacement value on an "all risk" basis for the completed value of the project. There shall be no coinsurance penalty or provisional limit provision in any such policy. Policy must include: (1) coverage for any ensuing loss from faulty workmanship, Nonconforming Work, omission or deficiency in design or specifications; (2) coverage against machinery accidents and operational testing; (3) coverage for removal of debris, and insuring the buildings, structures, machinery, equipment, materials, facilities, fixtures and all other properties constituting a part of the Project; (4) Ordinance or law coverage for contingent rebuilding, demolition, and increased costs of construction; (5) transit coverage (unless insured by the supplier or receiving contractor), with sub-limits sufficient to insure the full replacement

value of any key equipment item; (6) Ocean marine cargo coverage insuring any Project materials or supplies, if applicable; (7) coverage with sub-limits sufficient to insure the full replacement value of any property or equipment stored either on or off the Site or any staging area. Such insurance shall be on a form acceptable to CITY to ensure adequacy of terms and sublimits and shall be submitted to the CITY prior to commencement of construction.

B. Other provisions or requirements

1. **Proof of insurance.** CONTRACTOR shall provide certificates of insurance to CITY as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsements must be approved by CITY's risk manager prior to commencement of performance. Current certification of insurance shall be kept on file with CITY at all times during the term of this contract. CITY reserves the right to require complete, certified copies of all required insurance policies, at any time.
2. **Duration of coverage.** CONTRACTOR shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Work hereunder by CONTRACTOR, his agents, representatives, employees or subcontractors. CONTRACTOR must maintain general liability and umbrella or excess liability insurance for as long as there is a statutory exposure to completed operations claims. CITY and its officers, officials, employees, and agents shall continue as additional insureds under such policies.
3. **Primary/noncontributing.** Coverage provided by CONTRACTOR shall be primary and any insurance or self-insurance procured or maintained by CITY shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of CITY before the CITY's own insurance or self-insurance shall be called upon to protect it as a named insured.
4. **CITY's rights of enforcement.** In the event any policy of insurance required under this Agreement does not comply with these requirements or is canceled and not replaced, CITY has the right but not the duty to obtain the insurance it deems necessary and any premium paid by CITY will be promptly reimbursed by CONTRACTOR or CITY will withhold amounts sufficient to pay premium from CONTRACTOR payments. In the alternative, CITY may cancel this Agreement.

- 5. Acceptable insurers.** All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VII (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the CITY's risk manager.
- 6. Waiver of subrogation.** All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against CITY, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow CONTRACTOR or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. CONTRACTOR hereby waives its own right of recovery against CITY, and shall require similar written express waivers and insurance clauses from each of its subconsultants.
- 7. Enforcement of contract provisions (non estoppel).** CONTRACTOR acknowledges and agrees that any actual or alleged failure on the part of the CITY to inform CONTRACTOR of non-compliance with any requirement imposes no additional obligations on the CITY nor does it waive any rights hereunder.
- 8. Requirements not limiting.** Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the CONTRACTOR maintains higher limits than the minimums shown above, the CITY requires and shall be entitled to coverage for the higher limits maintained by the CONTRACTOR. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the CITY.
- 9. Notice of cancellation.** CONTRACTOR agrees to oblige its insurance agent or broker and insurers to provide to CITY with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.
- 10. Additional insured status.** General liability policies shall provide or be endorsed to provide that CITY and its officers, officials, employees, agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess/umbrella liability policies.

- 11. Prohibition of undisclosed coverage limitations.** None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to CITY and approved of in writing.
- 12. Separation of insureds.** A severability of interests provision must apply for all additional insureds ensuring that CONTRACTOR's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.
- 13. Pass through clause.** CONTRACTOR agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by CONTRACTOR, provide the same minimum insurance coverage and endorsements required of CONTRACTOR. CONTRACTOR agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. CONTRACTOR agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to CITY for review.
- 14. CITY's right to revise requirements.** The CITY reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the CONTRACTOR a ninety (90) day advance written notice of such change. If such change results in substantial additional cost to the CONTRACTOR, the CITY and CONTRACTOR may renegotiate CONTRACTOR's compensation.
- 15. Self-insured retentions.** Any self-insured retentions must be declared to and approved by CITY. CITY reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by CITY.
- 16. Timely notice of claims.** CONTRACTOR shall give CITY prompt and timely notice of claims made or suits instituted that arise out of or result from CONTRACTOR's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.
- 17. Additional insurance.** CONTRACTOR shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the Work.

XI. CONTRACTOR'S LICENSE

CONTRACTOR must possess at the time of commencing work and throughout the Project duration, a Contractor's License, issued by the State of California, which is current and in good standing. CONTRACTOR shall ensure that any subcontractor working on the Project possesses at the time of commencing work and throughout the Project duration, a Contractor's License, issued by the State of California, which is current and in good standing.

XII. REGISTRATION REQUIREMENTS

A. Pursuant to Section 1771.1(a) of the Labor Code:

“A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter, unless currently registered and qualified to perform public work pursuant to Section 1725.5. It is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or by Section 10164 or 20103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded.”

B. CONTRACTOR must be registered with the Department of Industrial Relations (DIR) of the State of California in order to be eligible to work on public works projects. CONTRACTOR must ensure registration with the DIR that is active and in good standing.

C. No contractor or subcontractor may be listed on a bid proposal for a public works project (submitted on or after March 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)].

No contractor or subcontractor may be awarded a contract for public work on a public works project (awarded on or after April 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5.

This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

D. The CONTRACTOR is not subject to public works requirements (including registration with the DIR) if the public works project is under \$1,000, unless the CITY knows that the same CONTRACTOR will be awarded total project costs in excess of \$1,000 for a given year.

XIII. CORPORATION IN GOOD STANDING

If CONTRACTOR is a corporation, the undersigned hereby represents and warrants that the corporation is duly incorporated and in good standing in the State of California, and that David Van Dyke whose title is President is authorized to act for and bind the corporation.

XIV. PROVISIONS REQUIRED BY LAW

Each and every provision of law and clause required by law to be inserted in this Agreement shall be deemed to be inserted herein and the Agreement shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not currently inserted, then upon application of either party the Agreement shall forthwith be physically amended to make such insertion or correction.

XV. SUBSURFACE HAZARDOUS MATERIALS

- A. In the event trenches or other excavations extend deeper than four (4) feet below the surface, the CONTRACTOR shall promptly, and before the following conditions are disturbed, notify the CITY in writing of any:
1. Material that the CONTRACTOR believes may be material that is hazardous waste, as defined in Section 25117 of the Health and Safety Code that is required to be removed to a Class I, Class II or Class III disposal site in accordance with the provisions of existing law.
 2. Subsurface or latent physical conditions at the site differing from those indicated.
 3. Unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in the Work or the character provided for in the CONTRACT.
- B. Upon receipt of said notification the CITY will investigate the conditions, and if it finds that the conditions do materially so differ, or do involve hazardous waste, and cause a decrease or increase in the CONTRACTOR's cost of or the time required for performance of any part of the work, the CITY will issue a change order under the procedures described in the General Conditions.
- C. In the event that a dispute arises between the CITY and the CONTRACTOR whether the conditions materially differ, or involve hazardous waste or cause a decrease or increase in the CONTRACTOR's cost of or time required for performance of any part of the work, the CONTRACTOR shall not be excused from any scheduled completion date provided for by the Agreement, but shall proceed with all work to be performed under the Agreement. The CONTRACTOR shall retain any and all rights provided either by Agreement or by law which pertain to the resolution of disputes and protests between the contracting parties.

XVI. COMPONENT PARTS OF THE CONTRACT

This Agreement entered into consists of the following CONTRACT DOCUMENTS, all of which are component parts of the Agreement as if herein set out in full or attached hereto:

- | | |
|--|---|
| <input type="checkbox"/> Notice Inviting Bids | <input type="checkbox"/> Information Required of Bidder |
| <input type="checkbox"/> Scope of Work Summary | <input type="checkbox"/> Construction Services Agreement |
| <input type="checkbox"/> Information for Bidders | <input type="checkbox"/> Certificate Regarding Worker's |
| <input type="checkbox"/> Bid Form | <input type="checkbox"/> Compensation |
| <input type="checkbox"/> Non-Collusion Affidavit | <input type="checkbox"/> Drug-free Workplace Certification |
| <input type="checkbox"/> Site Visit Certification | <input type="checkbox"/> Plans and Specifications |
| <input type="checkbox"/> Faithful Performance Bond | <input type="checkbox"/> Addenda |
| <input type="checkbox"/> Labor and Materials Payment Bond | <input type="checkbox"/> Drawings |
| <input type="checkbox"/> General and Supplemental Conditions | <input type="checkbox"/> Change Orders |
| <input type="checkbox"/> Special Conditions | <input type="checkbox"/> Shop Drawing Transmittals |
| <input type="checkbox"/> Project Construction Schedule | <input type="checkbox"/> Contractor's Certificate Regarding |
| <input type="checkbox"/> Proposed Subcontractors | <input type="checkbox"/> Non-Asbestos Containing Materials |
| <input type="checkbox"/> Bid Bond | |

All of the above named CONTRACT DOCUMENTS are intended to be complementary. Work required by one of the above named CONTRACT DOCUMENTS and not by others shall be done as if required by all.

XVII. ENTIRE CONTRACT

This Agreement constitutes the entire contract of the parties. No other agreements or contracts, whether oral or written, pertaining to the work to be performed, exists between the parties. This Agreement can be modified only by an amendment in writing, signed by both parties.

[Signatures on following page.]

SIGNATURE PAGE TO
CITY OF BEAUMONT
PUBLIC WORKS AGREEMENT

CITY:

CITY OF BEAUMONT

By: _____
Rey Santos, Mayor

CONTRACTOR:

THE VAN DYKE CORP.

By: _____

Print Name: _____

Title: _____

**CITY OF BEAUMONT
PUBLIC WORKS AGREEMENT**

EXHIBIT "A"

CITY'S INVITATION FOR BIDS

(Insert behind this page.)

**CITY OF BEAUMONT
PUBLIC WORKS AGREEMENT**

EXHIBIT "B"

CONTRACTOR'S Bid

(Insert behind this page.)

CITY OF BEAUMONT
PUBLIC WORKS AGREEMENT

EXHIBIT "C"

Insurance Certificates and Endorsements

(Insert behind this page.)

**CITY OF BEAUMONT**

550 E. 6th Street, Beaumont, CA 92223

Phone (951) 769-8520 Fax (951) 769-8526

BeaumontCa.gov

5/20/2020

RE: REQUEST FOR INFORMAL PROPOSAL FOR CONSTRUCTION SERVICES FOR SENECA SPRINGS LIFT STATION PIPING MODIFICATIONS

The City of Beaumont (City) is seeking informal proposals for construction services from qualified firms interested in providing construction services for Seneca Springs Lift Station Piping Modification. Seneca Springs Lift Station is located on the north side of Potrero Blvd, between Berkshire Ave and East Seneca Springs Pkwy.

The Seneca Springs lift station was constructed in 2005 and consists of a below-grade wet well, a manhole structure, at-grade discharge piping, an electrical cabinet, and a transformer. The wet well foundation consists of a 2-foot thick mat and the discharge piping rests on a 6-inch-thick concrete pad with a 12-inch-thick footing. The area surrounding the lift station is paved with asphalt concrete and enclosed by a block wall. The bottom of the wet well foundation is approximately 35 feet below the surface.

The equipment pad and surrounding asphalt have experienced settlement relative to the wet well. The settlement has resulted in operational issues and distress to the discharge piping. Tetra Tech identified several areas that need modification to restore full operation of the lift station as shown on attached plans (Plans).

The following scope of services provides general descriptions and performance requirements for the modifications shown on Plans. It is expected that the proposal developed by each of the responding firms will provide significant additional details for implementing the modifications.

1. **PIPE SUPPORT STANCHIONS** – Contractor shall furnish, construct, and install all pipe support stanchions and ancillary equipment, complete as shown on Plans. Additionally, Contractor shall remove and dispose of existing pipe supports and repair any surface or facility damaged by the pipe support or the removal thereof. Materials and coatings shall be per EMWD standards.
2. **4" EMERGENCY BYPASS CONNECTION** - Contractor shall remove existing 8" diameter elbow and install the 4" Emergency Bypass Connection per Plans. Contractor shall furnish, construct, install, and protect all necessary fittings, piping, other items, and ancillary equipment as shown on plans, complete, tested and ready for operation. Contractor shall dispose of all wasted generated and associated with this task. Materials and protective coatings shall be per EMWD standards.
3. **MODIFY EXISTING 6" BYPASS LINE** – Contractor shall modify the existing 6" bypass line per detail on the Plans. Contractor shall furnish, construct, install, and protect all necessary fittings, piping, other items, and ancillary equipment as shown on plans, complete, tested and ready for operation. Contractor shall dispose of all wasted generated and associated with this task. Materials and protective coatings shall be per EMWD standards.
4. **4" DRAIN RELOCATION** – Contractor shall furnish, construct, and install the proposed 4" drain and ancillary equipment and operations as shown on the plans, complete, tested and read for

**CITY OF BEAUMONT**

550 E. 6th Street, Beaumont, CA 92223
Phone (951) 769-8520 Fax (951) 769-8526
BeaumontCa.gov

operation. Contractor shall perform all necessary work associated with the installation of the 4" drain including:

- a. Sawcut and remove concrete
- b. Sawcut and remove ac paving
- c. Backfill and compaction
- d. Coring existing wetwell
- e. Non-invasive rebar location
- f. Installation of 4" piping, fittings, seal, coatings, and all other related items
- g. Restoration of ac paving
- h. Restoration of concrete panel
- i. Construction of concrete slab turndown
- j. Any other work associated with the installation of the 4" drain as shown on plans.

Contractor shall dispose of all wasted generated and associated with this task. Materials and protective coatings shall be per EMWD standards.

The proposal shall consist of a brief introduction, scope of services, estimate of number of days to complete work, availability to start work and an itemized cost. Cost may be included in scope of work. The proposal shall not exceed 7 pages.

MANDATORY PRE-BID SHALL OCCUR MAY 29TH @ 8:00 ON-SITE (AT SENECA SPRINGS LIFT STATION) FOR QUESTIONS AND CONTRACTOR INSPECTION/VERIFICATION

DUE DATE FOR SUBMITTAL AND CONSIDERATION IS JUNE, 5 2020 @ 12PM

Proposal and questions shall be submitted via email to rvestal@beaumontca.gov.

Sincerely,

Jeff Hart, P.E.

Public Works Director | City Engineer



6797 Adobe Road
 29 Palms, CA 92277
 (760) 367-9151 phone
 (760) 367-5247 fax
 contactus@vandykecorp.com

June 5, 2020

SCOPE LETTER

To: City of Beaumont
 550 E 6th Street
 Beaumont Ca, 92223

Attn: Robert Vestal

We are pleased to submit this proposal for Contract work on the following project:

**Seneca Springs Lift Station Piping Modifications
 Beaumont Ca**


The scope of work included in this proposal is as follows:

• 1) Pipe Stands Remove and Replace	\$ 4,500.00
• 2) New Drain Line	\$ 11,140.00
• 3) Remove and Replace Concrete and Asphalt	\$ 11,850.00
• 4) Modify Existing 6" By-Pass Line	\$ 4,250.00
• 5) 4" Emergency By Pass Connection	\$ 4,380.00
• 6) Painting and Coatings	\$ 2,600.00
TOTAL PROPOSAL	\$ 38,720.00

CLARIFICATIONS & EXCLUSIONS:

- The Van Dyke Corporation reserves the right to modify this proposal on receipt of approved or revised plans or Scope of Work.
- No Bonds are included
- Price Does not Include any Permits.
- Price Includes all Parts and Labor.
- Allow 14 working Days to begin Construction after Notice to Proceed.
- Allow 14 working Days for Construction.

THE VAN DYKE CORPORATION

By: 

 David Van Dyke, President

DATE: 6/5/2020



6797 Adobe Road
29 Palms, CA 92277
(760) 367-9151 phone
(760) 367-5247 fax
contactus@vandykecorp.com

About The Van Dyke Corporation

The Van Dyke Corporation specializes in underground utilities, including water, sewer and storm drain. Although our main work is in the underground utilities we also do grading, plumbing and septic tank installation. Our main clientele currently consists of state and local municipalities, government agencies, and housing developers.

The Company was established by Homer Van Dyke in 1959, in 29 Palms California. In 1978, it was purchased by his son, David Van Dyke, who is still the current owner president and CEO. In August of 1983 we became incorporated. In California we hold a Class A, C20, C34 and C36 Contractors License # 565576.

The Van Dyke Corporation has grown and expanded into many new ventures since its start in 1959. In the beginning we did mostly residential plumbing, heating and air conditioning, with only a hand full of employees. Since then we have expanded into doing the majority of our work in the underground utility industry. Along with the underground utility work, we have recently created a Septic Division and are continuing to expand our scope of work within the grading and concrete divisions.

We have worked hard to earn the reputation as a company that completes projects, whether as a general or subcontractor, with the highest standard of quality, efficiency and integrity. This standard, along with our high quality customer service, is the main reason for our high rate of repeat clientele with private, local, and federal agencies alike. This also continues to keep us as one of the most highly recommended and sought companies in our industry.

Team Bios

David Van Dyke – President/CEO

David is the owner and president of the company he began working for his father in the business over 43 years ago. In that time he worked as a laborer, operator, foreman, and project manager over several crews. He has extensive knowledge in several areas of construction too include HVAC, plumbing, and underground utilities. Dave's duties include all major decision-making, supervision of large bid jobs, purchasing and maintenance of company equipment, and monitoring all financial and administration matters throughout The Van Dyke Corporation.

Mat Green – General Manager

Mat has been employed with The Van Dyke Corporation Since 2000 and has worked on various projects, with most of those being underground utility projects. Mat began as a laborer and has worked as an operator, foreman, estimator, and project manager. His duties include overseeing all estimating and bidding, project management, employee evaluations, and overall general operation of the company.

James Mooney – Lead Foreman

James has been in the construction industry for over 35 years and employed with The Van Dyke Corporation since 2003. He has performed all phases of work from laborer to supervisor. He has experience in mechanical (plumbing), concrete, underground utilities, and well sites as well as many other general construction trades. James' attention to safety, quality control, professionalism and all around experience have enabled him to see through to completion numerous projects with the majority of those being state and federal government projects. He is dedicated to ensuring his crews safety and making sure each job is done right and on-time.

Chris Rantzow – Foreman

Chris came into the pipeline industry in 1998 through our local water agency as a laborer and then pipe layer until coming to the VDC in 2003 and right away made an impact with his relentless work ethic. Chris continued to lead by example which has allowed him to become one of our hardest working foreman. Chris' expertise is in water, sewer, and storm drain utilities. He also operates all pieces of equipment necessary to complete the job.

THE VAN DYKE CORPORATION

Experience Statement (Partial)

Item 13.

VDC Job#	Date Started	Date Completed	Estimated Completion	Job Name	Job Type	Job Location	Base Bid	Change Orders	Total Amount	Contracted By	Owner
19-11	♦ Jan 2020		Jun 2020	Project Phoenix - Sewer and Water Improvements	Sewer & Water	29 Palms, CA	\$ 852,321.00		\$ 852,321.00	City of 29 Palms 6136 Adobe Road 29 Palms CA 92277 760 367-6799	City of 29 Palms 6136 Adobe Road 29 Palms CA 92277 760 367-6799
19-10	♦ Apr 2020		Jul 2020	Repair Zone-1 (3rd St) HTHW	Water	MCAGCC, 29 Palms	\$ 550,300.00		\$ 550,300.00	Frawner Corporation 8123 Hartzell Road Anchorage, AK 99507 907 561-4044	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
20-01	♦ Mar 2020		Jun 2020	Shadow Mountain Sewer Lateral	Sewer	MCAGCC, 29 Palms	\$ 31,450.00	\$ 192,150.00	\$ 223,600.00	Moss & Associates, LLC 100 Wonsan Drive Oceanside, CA 92058 760 385-4535	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
20-02	♦ Feb 2020		Jun 2020	Carl's Jr Parking Lot	Concrete & Asphalt	MCAGCC, 29 Palms	\$ 140,000.00	\$ 38,010.00	\$ 178,010.00	CLK, Inc. 72295 Manufacturing Road Thousand Palms, CA 92276	CLK, Inc. 72295 Manufacturing Road Thousand Palms, CA 92276
19-01	♦ Apr 2019		Jun 2020	Salton Sea Communities Water Main Replacement Project Phase 1 & Primrose Lane Water Main Replacement	Water	Salton City, CA & Indio, CA	\$ 2,002,735.00	\$ 10,816.90	\$ 2,013,551.90	Coachella Valley Water District PO Box 1058 Coachella, CA 92236 760 398-2651 Glenn Lubbe	Coachella Valley Water District PO Box 1058 Coachella, CA 92236 760 398-2651
18-14	♦ Oct 2018	May 2020		CPQH-CapEX FY18 Phase III - New 06 Units	Demo, Grading, Water, Sewer, Gas & Dry Utilites	MCAGCC, 29 Palms	\$ 346,000.00	\$ 155,201.00	\$ 501,201.00	Moss & Associates, LLC 100 Wonsan Drive Oceanside, CA 92058 760 385-4535	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
19-08	♦ Oct 2019	Apr 2020		Miralon Amenity Center	Water, Sewer and Storm Drain	Palm Springs, CA	\$ 510,000.00	\$ (5,360.00)	\$ 504,640.00	Orr Builders 39-301 Badger Street, Suite 300 Palm Desert, CA 92211 760 360-6632 Steve Vance	Avalon 1150, LLC 500 Boylston Street, Suite 2010 Boston, MA 02116
18-13	♦ Oct 2018	Mar 2020		Temporary Lodging Facility	Water, Sewer, Storm Drain, Gas & Grading CO - Concrete & Asphalt	MCAGCC, 29 Palms	\$ 791,237.00	\$ 641,963.00	\$ 1,433,200.00	The Haskell Company 111 Riverside Avenue Jacksonville, FL 32202 904 791-4500 Alfonzo Cawthon	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
19-12	♦ Jan 2020	Feb 2020		Sterile Rooms Bldg 1145	Water / Plumbing	MCAGCC, 29 Palms	\$ 64,878.38		\$ 64,878.38	DBR General Engineering 1120 Sycamore Ave, Ste 2F Vista, CA 92081 760 297-5070 Tyke Blanchard	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
19-06	♦ Aug 2019	Sept 2019		Repair Headworks Bldg 1900 & 5002C	Sewer	MCAGCC, 29 Palms	\$ 124,188.62		\$ 124,188.62	DBR General Engineering 1120 Sycamore Ave, Ste 2F Vista, CA 92081 760 297-5070 Tyke Blanchard	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
19-05	♦ Jul 2019	Jul 2019		Excon Guard Shack	Concrete	MCAGCC, 29 Palms	\$ 21,695.00	\$ 4,515.00	\$ 26,210.00	DBR General Engineering 1120 Sycamore Ave, Ste 2F Vista, CA 92081 760 297-5070 Tyke Blanchard	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
18-16	♦ Feb 2019	Jun 2019		Mechanical Repairs Bldg 1146	Water	MCAGCC, 29 Palms	\$ 32,580.00	\$ 13,788.78	\$ 46,368.78	Herman Construction Group, Inc. 2060 Wineridge Place, Ste A Escondido, CA 92029 858 277-7100	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
18-17	♦ Feb 2019	Feb 2019		Plumbing Repairs B1571B1, B1936 & B1986	Water	MCAGCC, 29 Palms	\$ 43,965.00		\$ 43,965.00	Herman Construction Group, Inc. 2060 Wineridge Place, Ste A Escondido, CA 92029 858 277-7100	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
18-15	♦ Feb 2019	Feb 2019		Repair Chilled Water Bldg 1416	Water	MCAGCC, 29 Palms	\$ 150,222.00		\$ 150,222.00	Herman Construction Group, Inc. 2060 Wineridge Place, Ste A Escondido, CA 92029 858 277-7100	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337

VDC Job#	Date Started	Date Completed	Estimated Completion	Job Name	Job Type	Job Location	Base Bid	Change Orders	Total Amount	Contracted By	Owner
18-12	♦ Oct 2018	Nov 2018		Mechanical Repairs Bldg 1145 NH	Water	MCAGCC, 29 Palms	\$ 84,254.69		\$ 84,254.69	Herman Construction Group, Inc. 2060 Wineridge Place, Ste A Escondido, CA 92029 858 277-7100	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
18-08	♦ Oct 2018	Oct 2018		Bldg 1450 and Bldg 1602 Sidewalks, Stairs and Handrails	Concrete	MCAGCC, 29 Palms	\$ 63,564.00		\$ 63,564.00	DBR General Engineering 1120 Sycamore Ave, Ste 2F Vista, CA 92081 760 297-5070 Tyke Blanchard	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
18-10	♦ Sept 2018	Oct 2018		Construct Stairs and Handrails Bldg 1880	Concrete	MCAGCC, 29 Palms	\$ 69,000.00		\$ 69,000.00	DBR General Engineering 1120 Sycamore Ave, Ste 2F Vista, CA 92081 760 297-5070 Tyke Blanchard	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
18-11	♦ Sept 2018	Oct 2018		Repair Gas Leaks Ocotillo Heights	Gas	MCAGCC, 29 Palms	\$ 60,161.00	\$ 1,645.00	\$ 61,806.00	Herman Construction Group, Inc. 2060 Wineridge Place, Ste A Escondido, CA 92029 858 277-7100	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
18-09	♦ Sept 2018	Sept 2018		Repair Sidewalks Bldg 1620, Bldg 1640 and Bldg 1642	Concrete	MCAGCC, 29 Palms	\$ 144,282.00		\$ 144,282.00	DBR General Engineering 1120 Sycamore Ave, Ste 2F Vista, CA 92081 760 297-5070 Tyke Blanchard	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
18-05	♦ Sept 2018	Sept 2018		MATCO Fueling System Repairs	Asphalt and Concrete	MCAGCC, 29 Palms	\$ 23,605.00	\$ 846.00	\$ 24,451.00	Rockford Corporation 6700 Artic Spur Road Anchorage, AK 99518 907 344-4551	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
18-07	♦ Aug 2018	Sept 2018		Install Concrete @ Berkley and Bldg 3853	Concrete	MCAGCC, 29 Palms	\$ 108,709.00		\$ 108,709.00	DBR General Engineering 1120 Sycamore Ave, Ste 2F Vista, CA 92081 760 297-5070 Tyke Blanchard	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
17-17	♦ Jan 2018	Sept 2018		Small Diameter Pipeline Replacement SD-09	Water	Victorville, CA	\$ 2,590,578.00	\$ (216,490.00)	\$ 2,374,088.00	City of Victorville 14343 Civic Center Drive Victorville, CA 92392 760 955-5158 x36353 Shah Nawaz	City of Victorville 14343 Civic Center Drive Victorville, CA 92392 760 955-5158 x36353 Shah Nawaz
18-04	♦ Jun 2018	Jun 2018		Furance Creek Sewer Main Repair	Sewer	Death Valley, CA Furance Creek	\$ 13,373.81	\$ -	\$ 13,373.81	Copper Mountain Services, LLC 2956 Bad Guys Ln 29 Palms, CA 92277 702 553-5308 Eric Anderson	United States Dept of the Interior / National Park Service PO Box 579 Death Valley, CA 92328
17-12	♦ Dec 2017	Jun 2018		Rehab SPW Wastewater Collection System	Sewer	Death Valley, CA Stovepipe Wells	\$ 1,304,305.00	\$ 15,572.40	\$ 1,319,877.40	Copper Mountain Services, LLC 2956 Bad Guys Ln 29 Palms, CA 92277 702 553-5308 Eric Anderson	United States Dept of the Interior / National Park Service PO Box 579 Death Valley, CA 92328
18-02	♦ Mar 2018	Mar 2018		Connect Fire Hydrant to Main B697	Water	MCAGCC, 29 Palms	\$ 33,497.00	\$ -	\$ 33,497.00	Herman Construction Group, Inc. 2060 Wineridge Place, Ste A Escondido, CA 92029 858 277-7100	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
17-11	♦ Oct 2017	Mar 2018		O'Reilly Auto Parts	Sewer, Water & Storm Drain	Yucca Valley, CA	\$ 163,625.00	\$ 9,627.30	\$ 173,252.30	RSI Construction 10345 Walnut Lane Forney, TX 75126 972 552-9475	O'Reilly Auto Parts 233 S Patterson Avenue Springfield, MO 65802
17-14	♦ Dec 2017	Jan 2018		Repair Lift Station Bldg 901C	Sewer	MCAGCC, 29 Palms	\$ 87,343.00	\$ -	\$ 87,343.00	Herman Construction Group, Inc. 2060 Wineridge Place, Ste A Escondido, CA 92029 858 277-7100	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
17-13	♦ Oct 2017	Dec 2017		Bell Center Telescopic Bleacher Installation	General	Joshua Tree, CA	\$ 58,000.00	\$ -	\$ 58,000.00	Copper Mountain College 6162 Rotary Way Joshua Tree, CA 92252 760 366-5295 Jerry Phibbs	Copper Mountain College 6162 Rotary Way Joshua Tree, CA 92252 760 366-5295 Jerry Phibbs

VDC Job#	Date Started	Date Completed	Estimated Completion	Job Name	Job Type	Job Location	Base Bid	Change Orders	Total Amount	Contracted By	Owner
17-16	♦ Nov 2017	Nov 2017		Gas BPA Repair @ Desert View Housing	Gas	MCAGCC, 29 Palms	\$ 17,442.00	\$ -	\$ 17,442.00	FEAD / ROICC PO Box 6013 Bldg 1138T3 MCAGCC, 29 Palms CA 92278 760 830-6368	FEAD / ROICC PO Box 6013 Bldg 1138T3 MCAGCC, 29 Palms CA 92278 760 830-6368
17-10	♦ Sept 2017	Oct 2017		Gas BPA Repair @ Bldg 1102	Gas	MCAGCC, 29 Palms	\$ 25,769.06	\$ -	\$ 25,769.06	FEAD / ROICC PO Box 6013 Bldg 1138T3 MCAGCC, 29 Palms CA 92278 760 830-6368	FEAD / ROICC PO Box 6013 Bldg 1138T3 MCAGCC, 29 Palms CA 92278 760 830-6368
17-08	♦ Jul 2017	Sept 2017		Student Success Center Relocation	Water, Sewer, Grading, Concrete & Electric	Joshua Tree, CA	\$ 395,000.00	\$ 8,738.63	\$ 403,738.63	Copper Mountain College 6162 Rotary Way Joshua Tree, CA 92252 760 366-5295 Jerry Phibbs	Copper Mountain College 6162 Rotary Way Joshua Tree, CA 92252 760 366-5295 Jerry Phibbs
17-09	♦ Jul 2017	Aug 2017		Emergency Repairs Irrigation Lateral 99.8-0.51.2.5	Water	Coachella, CA	\$ 86,525.00	\$ 4,900.00	\$ 91,425.00	Coachella Valley Water District PO Box 1058 Coachella, CA 92236 760 398-2651 Brian Korock	Coachella Valley Water District PO Box 1058 Coachella, CA 92236 760 398-2651
17-06	♦ Jun 2017	Aug 2017		Repair Headworks Bldgs 1900 & 5002C	Sewer	MCAGCC, 29 Palms	\$ 49,711.00	\$ 19,557.00	\$ 69,268.00	Herman Construction Group, Inc. 2060 Wineridge Place, Ste A Escondido, CA 92029 858 277-7100	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
17-07	♦ Jun 2017	Jun 2017		Repair Auto Organization Shop Bldg 1934	Concrete & Asphalt	MCAGCC, 29 Palms	\$ 59,550.00	\$ 11,094.00	\$ 70,644.00	Pacific West Builders 12489 Coolidge Avenue National City, CA 91950 619 230-1904 Doug Ledsam	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
17-04	♦ Apr 2017	Jun 2017		CPQH-CapEX Phase III (Landscape)	Rip Rap	MCAGCC, 29 Palms	\$ 189,575.00	\$ 1,100.00	\$ 190,675.00	Moss & Associates, LLC 100 Wonsan Drive Oceanside, CA 92058 760 385-4535	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
17-02	♦ Mar 2017	Jun 2017		Avenue 60 - Harrison 0.5 Drain Replacement Project, Spec 2016-22	Storm Drain & Dewatering	Thermal, CA	\$ 1,324,396.00	\$ 8,743.00	\$ 1,333,139.00	Coachella Valley Water District PO Box 1058 Coachella, CA 92236 760 398-2651 Ty Mull	Coachella Valley Water District PO Box 1058 Coachella, CA 92236 760 398-2651
17-03	♦ Mar 2017	Mar 2017		Remove & Replace Asphalt	Asphalt	29 Palms, CA	\$ 40,050.00	\$ -	\$ 40,050.00	Palms Baptist Church 5285 Adobe Road 29 Palms, CA 92277 760 367-3713	Palms Baptist Church 5285 Adobe Road 29 Palms, CA 92277 760 367-3713
17-01	♦ Feb 2017	Apr 2017		El Sol Curb & Gutter Phase 1	Concrete & Asphalt	29 Palms, CA	\$ 106,514.55	\$ 2,788.20	\$ 109,302.75	City of 29 Palms 6136 Adobe Road 29 Palms CA 92277 760 367-6799	City of 29 Palms 6136 Adobe Road 29 Palms CA 92277 760 367-6799
15-08	♦ Jan 2015	May 2017		P159 Camp Wilson Infrastructure Upgrades	Water, Sewer, Gas & Plumbing	29 Palms, CA	\$ 1,950,179.00	\$ 1,437,521.94	\$ 3,387,700.94	RQ Berg JV 3194 Lionshead Avenue Carlsbad, CA 92010 619 415-6274 Bill Dunning	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
16-08	♦ Nov 2016	Jan 2017		Repair Sewer Bldg 1548	Sewer	MCAGCC, 29 Palms	\$ 214,500.00	\$ 6,200.00	\$ 220,700.00	Herman Construction Group, Inc. 2060 Wineridge Place, Ste A Escondido, CA 92029 858 277-7100	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337
16-07	♦ Oct 2016	Dec 2016		Repair Bldg 1, Air Operations	Water	NAS Lemoore	\$ 43,160.00	\$ 8,317.47	\$ 51,477.47	Peter Vander Werff Construction 125 W. Lexington Avenue El Cajon, CA 92020 619 334-9077 Allen Hancock	Department of Defense 1220 Pacific Highway San Diego, CA 92138
16-05	♦ Sept 2016	Nov 2016		Replace Generator Switchgear Bldg 1145	Gas	MCAGCC, 29 Palms	\$ 86,300.00	\$ 760.00	\$ 87,060.00	Stronghold Engineering 2000 Market Street Riverside, CA 92501 951 684-9303	FEAD / Dept of the Navy PO Box 6013 Bldg 1138T1 29 Palms, CA 92278 760 830-7337



Staff Report

TO: City Council

FROM: Jeff Hart, Public Works Director

DATE: July 7, 2020

SUBJECT: Award a Public Works Agreement to Northstar Chemical and Hasa, Inc., for Chemical Supply Services for the Wastewater Treatment Plant

Background and Analysis:

On May 15, 2020, the City of Beaumont released a request for proposals (RFP) for estimated chemical usage for the treatment of wastewater at the Wastewater Treatment Plant (see attachment A). The RFP was released to solicit vendors to provide delivery of chemicals and procure competitive pricing on a per unit basis. Prospective bidders were provided an estimated 30-day usage of requested chemicals and a basis for the unit pricing (see attachment A).

On May 29, 2020, two bids were received to provide services as requested (see attachments B and C). The following table shows the results of the bids and the associated unit pricing.

Chemical	Capacity (gal)	Units	Estimated 30 day Usage	Hasa	Northstar
Citric Acid	245	Gal/batch	160	---	\$8.75
Sulfuric Acid	1,100	GPH	814	---	\$2.65
Liquid Ammonium Sulfate	1,100	GPH	1500	---	\$4.38
Sodium Hypochlorite	4,600	GPH	2,952	\$0.95	\$0.99
		Gal/batch	200		
Sodium Bisulfite	1,550	GPH	360	---	\$2.96
Sodium Hydroxide	1,550	GPH	101	---	\$1.71

Total Est. 30 Day				\$2,994	\$11,365
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Staff has reviewed the proposals from the two firms and deemed them complete and responsive. Staff is proposing to execute a Public Works Agreement with both firms for the following:

- Execute a PWA with Northstar Chemical for all requested chemicals **except** Sodium Hypochlorite, and
- Execute a PWA with Hasa, Inc., for Sodium Hypochlorite **only**.

Fiscal Impact:

The estimated costs for chemical supplies for the Wastewater Treatment Plant is \$15,000 monthly and will be paid via the waste water fund.

Recommended Action:

Award a Public Works Agreement to Northstar Chemical for chemical supply services for the Wastewater Treatment Plant in accordance with the unit pricing within Attachment B, and
Award a Public Works Agreement to Hasa, Inc., for chemical supply services for the Wastewater Treatment Plant in accordance with the unit pricing within Attachment C.

Attachments:

- A. RFP for Estimated Chemical Usage
- B. Public Works Agreement, Northstar Chemical
- C. Public Works Agreement, Hasa, Inc.



Website:
<http://beaumontca.gov/>

Address:
550 E. 6th Street
Beaumont, CA 92223

Phone:
951.769.8520

Request for Proposal for Chemical Supplier Services for Wastewater Treatment Plant Project

Proposals Due By:

12:00 pm
May 29, 2020

Contact:

Jeff Hart
Director of Public Works
jhart@beaumontca.gov

RFP Available:

www.publicpurchase.com



Introduction

The City of Beaumont (City) is seeking proposals for chemical supplier services from qualified firms (Consultant) interested in assessing and providing chemicals used for the treatment of wastewater at the City of Beaumont Wastewater Treatment Plant (Project).

All services provided by the Consultant shall be performed by individuals who meet the qualifications, education, and certification/licensing requirements for the position. The successful Consultant shall also have the resources to provide cost effective chemicals for the treatment of wastewater to the City.

Qualified firms that submit a proposal will be evaluated in accordance with the requirements defined within this RFP. Upon successful negotiations with the City, the selected firm will provide chemicals used for the treatment of wastewater at the WWTP Project as described in the scope of this RFP.

Background

The City of Beaumont was incorporated in November 1912. The City is located in the western portion of Riverside County and is bounded on the west by Calimesa and unincorporated areas, on the north by the unincorporated County areas (Cherry Valley), on the south by unincorporated County areas and the City of San Jacinto, and on the east by the City of Banning. The land area within the City’s boundaries is approximately 26 square miles.

Scope of Services

The Scope of Services for the Wastewater Treatment Plant Chemical Usage Project is attached as Exhibit A.

Additional Responsibilities

The Consultant shall be responsible for completing the specified services in accordance with the City’s Professional Services Agreement (Exhibit B).

Term

The term of the agreement shall be determined upon need of services and consistent with the City’s policies. The initial period of the contract is for one (1) year, with two (2) one-year extensions if approved by City Council, subject to agreement terms and the Beaumont Municipal Code.



Proposal Requirements

The proposal shall clearly address all the information requested herein. To achieve a uniform review process and obtain the maximum degree of comparability, it is required that proposals be organized and contain all information as specified below.

- A. Cover Letter: Maximum of two (2) pages serving as an Executive Summary which shall include an understanding of the scope of services. The RFP shall be transmitted with a cover letter that must be signed by an official authorized to bind the consultant contractually. That letter accompanying the RFP shall also provide the name, title, address, and telephone number of individual(s) with the authority to negotiate and contractually bind the consultant. The cover letter constitutes certification by the consultant, under penalty of perjury, that the consultant complies with nondiscrimination requirements of the State and Federal Government. An unsigned proposal or one signed by an individual unauthorized to bind the consultant may be rejected.

- B. Introduction/Information: Introduction of the service proposal, including a statement of understanding for the types of services contemplated. Provide a discussion on how the objectives of the scope of services will be accomplished. Provide the name of the firm submitting the proposal, its mailing address, telephone number, and the name of the individual(s) to contact if further information is required. Any participating firms and proposed sub-consultants shall be identified and included in the proposal (all sub-consultants must be approved by City prior to signing the agreement with City).

- C. Firm's Approach: The firm's approach to delivering the scope of services. Provide a description of the firm's approach to communicating effectively with the City to facilitate successful delivery of assigned tasks.

- D. Firm Profile: Provide a description of the firm, including number of professional personnel, years in business, office location(s), organizational structure (e.g., corporation, partnership, sole practitioner, etc.), areas of expertise, etc. and specifically identify whether the firm employs its own delivery drivers and if it owns the trucks/trailers for deliveries related to this RFP or if the firm contracts out to a delivery service and/or leasing company..

- E. Resumes: Resume of all consultants on the team.



- F. Key Personnel: Provide a summary description of the key personnel, their roles and responsibilities, and their relevant experience. The proposal must name a project manager.
- G. References: Three (3) to five (5) references to include: name, address, contact person and phone number of the company, length of time services were provided, and a description of the services provided.
- H. Scope of Services: Provide a description of the tasks, sub-tasks, and deliverables that will be provided. Include a timeline to complete the tasks for the project.
- I. Cost: Consultant shall provide comprehensive cost proposal inclusive of all fees in addition to chemical prices including, but not limited to, vehicle fuel surcharges, etc. All chemical cost proposals shall be in price per gallon of product.
- J. Related Projects: Please include a minimum of three (3) similar projects with a full description, timeline, and website to review the approved project. The related projects must demonstrate experience with delivery of chemicals being supplied and safety precautions taken while delivering such chemicals.
- K. Additional Information: Any other information which should be considered, such as any special services or customer service philosophy which define your firm’s practice.

Submittal

A digital PDF copy of the proposal and fee proposal must be submitted no later than **12:00 pm, May 29, 2020 to jhart@beaumontca.gov**. Mail, Postmarks, and faxes are not acceptable. Proposal and email subject must be titled “RFP for Chemical Supplies Services for the Wastewater Treatment Plant Project”. Requests for Clarifications (RFCs) or questions regarding this RFP shall be requested on the Public Purchase website via “Ask Questions” section for this RFP.

No RFC or questions will be accepted after **12:00 pm, May 22, 2020**.

No postmarked proposals will be accepted. Once submitted, proposals, including the composition of the consulting staff, cannot be altered without prior written consent of the City.

All costs associated with preparation of any proposal shall be the sole responsibility of the proposer. Each proposal shall be limited to a maximum of 30 pages (not including resumes), using minimum 12-point font size. Electronic copies of the proposal will not be



accepted.

All RFC's and responses will be posted on Public Purchase within three days of RFC due date.

Timetable for reviewing and evaluating proposals:

- | | |
|----------------------|---------------------------|
| 1. RFP Release | May 15, 2020 |
| 2. RFC Due | May 22, 2020 @ 12:00 pm |
| 3. Proposal Due Date | May 29, 2020 @ 12:00 pm |
| 4. Interviews | If required, June 2, 2020 |
| 5. Award Date | June 16, 2020 |

Confidentiality

Prior to the proposal submittal deadline, all proposals will be designated confidential to the extent permitted by the California Public Records Act. After the proposal submittal deadline, all responses will be regarded as public record and will be subject to review by the public. Any language purported to render confidential all or portions of the proposals will be regarded as non-effective and will be disregarded.

Amendments to Request for Proposals

The City reserves the right to amend the RFP by addendum prior to the final proposal submittal date.

Non-Commitment to City

The City reserves the right to reject any and all proposals and to waive informalities and minor irregularities in any proposal reviewed. The City may reject any proposal that does not conform to the instructions provided in this RFP. Additionally, the City reserves the right to negotiate all final terms and conditions of any proposal received before entering into final contract.

Conflict of Interest

The Consultant shall disclose any personal or professional financial, business, or other relationships with the City that may have an impact on the outcome of this contract or any resulting project. The consultant shall also list current clients who may have a financial interest in the outcome of this contract.



Proposal Evaluation/Selection

The City intends to engage the most qualified consultant available that demonstrates a thorough understanding of the City’s needs. City staff will use the following criteria to evaluate the proposals:

Criteria	Points
Project Approach, Work Plan, and Duration	15
Project Team Organization and Qualifications	15
Related Experience and Past Projects	15
References	10
Proposed Fee	45
Total	100

The City may request a qualification interview with the highest ranked consultants prior to determining the final ranking. The City reserves the right to reject any and all proposals.

Exhibits

- A. Scope of Services
- B. Professional Services Agreement
- C. Estimated 30-day Chemical Usage

----- END OF REQUEST FOR PROPOSAL -----

EXHIBITS TO FOLLOW



EXHIBIT B Scope of Services

The City wishes to set up delivery of chemicals used in the treatment of wastewater with delivery to be on a 30-day delivery schedule. Estimated 30-day chemical usage is shown in Exhibit C.

The City of Beaumont Wastewater Treatment Plant is located at:

**715 W. 4th Street
Beaumont, CA 92223**

The following scope of services provide general description and performance requirements. It is expected that the proposal developed by each of the responding firms will provide significant additional details for implementing the project.

Project Management/Implementation Plan:

- Successful respondent shall plan to attend at least two (2) meetings w/ City Staff to:
 - a. Kick-off project,
 - b. Track progress,
 - c. Ensure collaboration, and
 - d. Review draft/ final submittals.
- Consultant shall develop a tentative schedule that includes proposed delivery schedule(s) for the project. Delivery times must be Monday – Thursday between the hours of 6:30 am to 3:30 pm.
- Successful respondent shall offload wet chemicals with all proper PPE, spill containment, etc. and provide hose connections/adapters as needed.
- All deliveries should include weight ticket, Certificate of Analysis (COA), and Safety Data Sheets (SDS).

Recommend Upgrades, Improvements and Alternatives:

- Consultant shall recommend chemical alternatives if the requested/required chemicals is not available at time of delivery. As part of the recommendations, the Consultant shall analyze the following:

Deliverables:

- Consultant shall provide comprehensive cost proposal inclusive of all fees in addition to chemical prices including, but not limited to, vehicle fuel surcharges, etc.
- All chemical cost proposals shall be in price per gallon of product.



EXHIBIT B

Professional Services Agreement



EXHIBIT C

Estimated 30-Day Chemical Usages Based on Engineer Estimates, After Successful Start-Up



Chemical	Concentration	Tank/Tote	Capacity (g)	Dose	Units	30 Day Usage (EST)
Citric Acid	50%	Tote	275	8	GAL/Batch	160
Sulfuric Acid	93%	Tank	1550	1.13	GPH	814
Liquid Ammonium Sulfate	40%	Tank	1550	2.083	GPH	1500
Sodium Hypochlorite	12.5%	Tank	4600	4.1	GPH	2952
				10	GAL/Batch	200
Sodium Bisulfite	38%	Tank	1550	0.5	GPH	360
Sodium Hydroxide	25%	Tank	1550	0.14	GPH	101

3152

Estimated 30 day chemical usages, based on engineer estimates, after successful start up.

WASTEWATER TREATMENT PLANT CHEMICAL SUPPLY AGREEMENT

THIS WASTEWATER TREATMENT PLANT CHEMICAL SUPPLY AGREEMENT (“Agreement”) is made and effective as of the _____ day of July, 2020 (“Effective Date”), by and between the CITY OF BEAUMONT (“CITY”) whose address is 550 E. 6th Street, Beaumont, California 92223 and Pacific Star Chemical, LLC, a Delaware limited liability company doing business as Northstar Chemical whose address is 14200 SW Tualatin Sherwood Road, Sherwood OR 97140 (“CONTRACTOR”).

RECITALS

This Agreement is entered into on the basis of the following facts, understandings and intentions of the parties to this Agreement:

- A. CITY published a Request for Proposals for Project (“RFP”) on or about May 15, 2020, a copy of which is attached hereto as Exhibit “A” and which is deemed incorporated herein and made a part hereof by this reference for chemicals to be used in connection with the operation of the City’s newly constructed wastewater treatment plant;
- B. CONTRACTOR submitted a proposal dated May 29, 2020 (“Proposal”) to the CITY to transport and deliver the desired chemicals and related services (collectively “Services”), which Proposal is attached hereto as Exhibit “B”; and
- C. CITY desires to engage CONTRACTOR to provide Services; and
- D. 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 which are incorporated herein by this reference 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. Notwithstanding anything in this Agreement to the contrary, this Agreement shall automatically terminate after one (1) year from the Effective Date unless extended by the parties with the approval of the City Council of the CITY. CITY shall have the option to renew this Agreement on identical terms including Compensation for up to two additional periods of one year each provided that the City Council elects to so exercise each option.
2. Services to be Performed. CONTRACTOR agrees to provide the services (“Services”) as follows: Services per the RFP attached as Exhibit “A” and the Proposal attached as Exhibit “B”. All Services shall be performed in the manner and according to the timeframe set

forth in the RFP and Proposal. For the sake of clarity the Services include and CONTRACTOR shall be responsible for and shall bear all liability and the risk of loss associated with the transportation of the chemicals from their point of origin to City’s designated point of delivery until accepted by CITY. CONTRACTOR designates Clare Walker 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 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. CITY’s needs for the Services are not yet know with certainty because the same will be used in connection with the CITY’s new wastewater treatment plant which is not yet in full operation. The rate schedule for all chemicals (intentionally excepting Sodium Hypochlorite which is covered by a separate agreement) is set forth here for the sake of convenience:

Chemical	Unit Price per Gallon
Citric Acid	\$8.75
Sulfuric Acid	\$2.65
Liquid Ammonium Sulfate	\$4.38
Sodium Bisulfite 25% Concentration	\$2.50
Sodium Bisulfite 38% Concentration	\$2.96
Sodium Hydroxide	\$1.71

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. The CITY shall not be obligated to pay any invoice that is submitted more than sixty (60) days after the due date of such invoice. 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 per gallon fee charged is consistent with this Agreement's approved per gallon rate schedule;
- b. Determination that the multiplication of the hours billed times the approved rate schedule dollars is correct;

4.04 If the Services are satisfactorily completed, 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 advise 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, the RFP and the Proposal. In the event that the terms of the Proposal shall conflict with the terms of this Agreement, or contain additional terms binding on the City 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. In the event of a conflict between the terms of the RFP and the Proposal the RFP shall control.

5.02 Except as otherwise agreed by the parties, CONTRACTOR will supply all personnel, materials, vehicles 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 CONTRACTOR represents that it possesses all required licenses necessary or applicable to the performance of Services under this Agreement, the RFP 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. CONTRACTOR shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed in the same discipline in the State of California. CONTRACTOR represents and maintains that it is skilled in the calling necessary to perform the Services. CONTRACTOR warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, CONTRACTOR represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement.

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. Attached hereto as **Exhibit "C"** are copies of Certificates of Insurance and endorsements as required by Section 7.02. 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.

6.05 Pollution liability insurance. Environmental Impairment Liability Insurance shall be written on a CONTRACTOR's Pollution Liability form or other form acceptable to CITY providing coverage for liability arising out of sudden, accidental and gradual pollution and remediation. The policy limit shall be no less than \$1,000,000 dollars per claim and in the aggregate. All activities contemplated in this Agreement shall be specifically scheduled on the policy as "covered operations."

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 arising out of or in any way related to the performance of this Agreement by CONTRACTOR or any subcontractor or agent of either as set forth herein. Accordingly, the provisions of this indemnity are intended by the parties to be interpreted and construed to provide the fullest protection possible under the law to CITY. 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, agents and officials, from any liability, claims, suits, actions, arbitration 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 of or arising out of, or in any way attributable actually, allegedly or impliedly, in whole or in part to the performance of this Agreement. CONTRACTOR's obligation to defend, indemnify and hold harmless shall include any and all claims, suits and proceedings in which CONTRACTOR (and/or CONTRACTOR's agents and/or employees) is alleged to be an employee of CITY. All obligations under this provision are to be paid by CONTRACTOR as they are incurred by CITY.

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 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 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 in the same geographic area where the CITY is located. 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, jurisdiction over the action shall be in the state or federal court in Riverside County, California and 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.

13.09 Severability. If any portion of this Agreement is declared invalid, illegal or otherwise unenforceable by a court of competent jurisdiction, the entire balance of this Agreement not so affected shall remain in full force and effect.

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:

CONTRACTOR:

CITY OF BEAUMONT

Pacific Star Chemical, LLC, a Delaware limited liability company doing business as Northstar Chemical

By: _____
Rey Santos, Mayor

By:  _____

Print Name: _Matt Werger_____

Title: _Vice President / General Manager____

EXHIBIT "A"

RFP

(insert behind this page)

EXHIBIT "B"

PROPOSAL

(insert behind this page)



**Request for Proposal for Chemical Supplier Services for
Wastewater Treatment Plant Project**

**Proposals Due By:
12:00 pm
May 29, 2020**

**Northstar Chemical Contact:
Clare Walker
Director of Sales
Pacific Star Chemical LLC dba Northstar Chemical
14200 SW Tualatin Sherwood Road
Sherwood OR 97140
925-787-5864
cwalker@northstarchemical.com**



A. Cover Letter

May 28, 2020

Jeff Hart
jhart@beaumontca.gov
Director of Public Works
City of Beaumont
550 E. 6th Street
Beaumont, CA 92223

Chemical Bid – “RFP for Chemical Supplies Services for the Wastewater Treatment Plant Project”

Dear Jeff:

Northstar Chemical is a specialty chemical distributor who specializes in the safe storage, handling, and delivery of corrosive chemicals. Founded in 1996 in the Pacific Northwest, Northstar Chemical has 4 chemical distribution facilities in the west located in: Sherwood, OR; Tacoma, WA; Modesto, CA and Santa Fe Springs, CA. The Northstar Chemical Santa Fe Springs CA chemical distribution facility would service City of Beaumont’s chemical needs in this RFP.

This cover letter constitutes certification by Northstar Chemical that we understand the scope of services required by the City of Beaumont outlined in your RFP. Northstar Chemical complies with the nondiscrimination requirements of the State and Federal Government.

Sincere Regards,

A handwritten signature in black ink that reads "Clare Walker". The signature is written in a cursive, flowing style.

Clare Walker
RFP/Contract Contact
Pacific Star Chemical LLC dba as Northstar Chemical
14200 SW Tualatin Sherwood Road
Sherwood Oregon 97140
Director of Sales
cwalker@northstarchemical.com
925-787-5864



AS A DBA OF PACIFIC STAR CHEMICAL LLC

B. Introduction/Information:

Northstar Chemical understands the requirements of this RFP and is bidding on all chemicals listed on Exhibit C. These products will be shipped to the Beaumont Wastewater Treatment Plant from our chemical distribution facility noted below in Santa Fe Springs CA with Northstar Chemical delivery specialists with our delivery equipment. Two of the products will be subcontracted out to our manufacturer suppliers. Those products are Sodium Hypochlorite, which will be supplied and delivered by Jones Chemical out of Torrance, CA and Liquid Ammonium Sulfate, which will be delivered by Industrial Solutions out of Riverside, CA. Products will be delivered on an as needed basis, meeting your specifications and delivery requirements listed on Exhibit A page 7.

Firm submitting proposal:

Northstar Chemical
9051 Sorenson Ave.
Santa Fe Springs, CA 90670
1-855-355-7013
ordersla@northstarchemical.com
Dominic Parisi – Senior Account Manager
714-795-1367

C. Firm's Approach: Northstar Company Values

SAFETY

- Practice, Promote, Recognize and Deliver Safety

INTEGRITY

- Always Do What is Right and Build Trusting Relationships

CUSTOMER SERVICE

- Dedication to our Customers is Instrumental to Long-Lasting Success

COLLABORATIVE RELATIONSHIPS

- Foster Healthy Communications to Achieve Balanced Results

OUR EMPLOYEES

- Develop and Empower to Make a Difference

EXCELLENCE

- Pursue Process Improvement for Sustainable Growth



AS A DBA OF PACIFIC STAR CHEMICAL LLC

Northstar Chemical's mission is to provide our customers with exceptional service every day, through our highly experienced drivers, exceptional customer service response team, knowledgeable sales staff, team of engineers, specialized delivery equipment, tank loan program, and industry relationships.

Your orders are received via email or phone. Orders will be processed in a timely manner with an email confirmation from our customer service & dispatch centrally located in our Santa Fe Springs facility: Jeff Gomez, Lupe Aguila, or Bob Cavey. Delivery dates will be stated on the confirmation email back to the customer. Delivery ETA depends on the product and is typically 1-3 days for date ordered.

D. Firm Profile:

Founded in 1996, Northstar Chemical has 4 chemical distribution facilities located in: Sherwood, Oregon; Tacoma, Washington; Modesto, CA and Santa Fe Springs, CA. Northstar Chemical is a privately owned chemical distribution company with headquarters in Sherwood OR. We operate as an LLC in California. We have 85 employees and have local customer service and dispatch at each of our distribution facilities. Our area of expertise is delivering hazardous, corrosive chemicals safely, timely and professionally. We also can provide tank systems on loan to customers and provide a consultative, informative sales approach.

Please check our website for more information:

www.northstarchemical.com

Northstar's highly experienced delivery specialists and Northstar owned chemical tanker trucks will be used for delivery of the following products on the RFP: *Sulfuric Acid, Sodium Bisulfite, and Sodium Hydroxide and Sodium Hypochlorite, if necessary*. These products are all stored and distributed out of our SFS Facility.

All Northstar delivery specialist have a minimum of 10 years' experience in corrosive chemical tanker deliveries. They have OSHA and Hazmat training certifications. Northstar delivery specialist wear all proper PPE and of our tanker equipment have spill containment supplies should an issue arise.



Product supply:

- Citric Acid totes will ship from our Santa Fe Springs or Modesto, CA facility.
- 40% Liquid Ammonium Sulfate will ship from Industrial Solutions Inc. out of Riverside, CA.
- 12.5% Sodium Hypochlorite will ship on our manufacturer's equipment, Jones Chemical, out of Torrance, CA, or if needed, on our Northstar equipment from our facility in Santa Fe Springs.

E. Resumes:

See attached document.

F. Key Personnel:

Please refer to the resume document.

Project Manager for this RFP is Dominic Parisi-Senior Account Manager

G. References:

See attached.

H. Scope of Services:

Scope of service is chemical delivery to Beaumont Wastewater Treatment Plant at 715 W. 4th Street, Beaumont CA 92223

Products to be provided: Citric Acid, Sulfuric Acid, Liquid Ammonium Sulfate, Sodium Hypochlorite, Sodium Bisulfite, and Sodium Hydroxide.

Chemicals will be shipped with Northstar delivery equipment, or our manufacturers delivery equipment (see section D above). Citric Acid totes will be delivered via a common carrier freight company.

If awarded the RFP, Dominic Parisi, Project Manager, will conduct a site visit on the tank systems at Beaumont in order to assess the current tank system, site specific delivery requirements and to conduct a site safety audit for account setup. Once the account is setup, we can deliver as soon as City of Beaumont is ready.



I. Chemical Cost – see attachment:

Terms: NET 30

Pricing is delivered includes freight and FSC

Typical Order to Delivery Lead time 2-3 business days.

J. Related Projects: Please see attached References. We currently deliver these products to many other municipalities throughout the state of California. These can be provided if further references are needed. Please check out our website at www.northstarchemical.com

K. Additional Information:

Northstar Chemical offers emergency delivery service, if necessary, for weekend, evening, and holidays. Our Northstar fleet is on the road daily with our chemicals allowing us to provide prompt, safe, and accurate deliveries while allowing us the flexibility to respond to our customer's needs quickly.

Please see attached Brochure



AS A DBA OF PACIFIC STAR CHEMICAL LLC

E & F - Resumes & Key Personnel

Executive Summary for Northstar Chemical dba Pacific Star Chemical LLC Management Team

Stan Chang-President

Stan Chang is the founder, Chairman and President of Northstar Chemical Inc., a specialty and commodity chemical distributor and APAC Chemical Corporation, a chemical and food ingredient manufacturer. He has been holding this position since 1996 and 2000, respectively at both companies. He was also the Executive Vice President and major shareholder of Basic Chemical Solutions, LLC for over 20 years. BCS was later acquired by Univar in 2010. Starting 2010, Mr. Chang has also been the chairman of the board of Borrego Solar, a solar system integrator and Managing Director of Green Lake Capital, a capital provider for solar projects in California.

Mr. Chang graduated from the University of Washington in 1978 with a Bachelor of Science in Chemical Engineering and received his Master in Business Administration from the California State University in 1983. In addition to his experience in chemical distribution, and solar business, he also has extensive experience in chemical manufacturing from his ten years with Allied Signal (now Honeywell) from 1978 - 1988.

Matt Werger-VP & General Manager

Matt has served in the chemical industry for the past 30 years working for chlor-alkali producers and distributors in sales, marketing, logistics, and finance. He has been the General Manager for Northstar Chemical in Sherwood Oregon for the last 20 years, since 1999. Matt was previously with Atochem (now Arkema) in sales from 1995-1999 before Northstar Chemical. From 1990 to 1994 he was with Vulcan Chemical.

Matt has a BA in Accounting and Finance from Grandview College and an MBA from George Fox University.

Clare Walker-Director of Sales California

Clare came to Northstar Chemical to run the California sales program in June 2014. She has been in the chemical distribution business in various sales, sales management and product management roles starting with General Chemical in 1990. Clare was part of the original Bulk sales team out of Redwood City CA for Pressure Vessel Service in 1994, which became Basic Chemical Solutions in 2005. Clare was with Univar after the purchase of BCS until 2014.

Clare graduated with a BS in Chemistry from the United States Military Academy at West Point.

Robert Cavey-Director Operations

Bob Cavey is Director of Operations for Northstar Chemical since May 2014. He is managing the operations and logistics of the start-up of two California locations for Northstar Chemical in Modesto and Santa Fe Springs. He has extensive corrosive chemical operations and logistics experience from his last 6 years with Basic Chemical Solutions and then Univar, where he was West Regional Operations Manager for the BCS Business Unit. Prior to Basic Chemical Solutions, he worked for Rohm & Haas in various chemical engineering, operations and logistics management roles with several plant startups under his belt in Taiwan and Germany.

Bob is a graduate of Villanova University with a BS in Chemical Engineering.

Aaron Cothran- Technical Service Manager, Southern California

Aaron has over 23 years of chemical distribution experience. He came on board May 2014 with Northstar Chemical as technical service manager for the startup location in Santa Fe Springs, CA. He started his career in the chemical distribution business with Pressure Vessel Service, then Basic Chemical Solutions, and finally Univar in Santa Fe Springs, CA from 1997 through 2014. He has extensive chemical distribution operations experience, with a focus on facility and equipment maintenance, process instrumentation, on and off-site emergency response, and best quality assurance and control practices.

Dominic- Senior Account Manager, Southern California

Dominic Parisi is a Senior Account Manager located out of our Santa Fe Springs Facility. Was hired at the start-up of our 2 new California chemical plants in 2014. Has 19 years' experience in the chemical industry. Specializes in generation of new business and account management of Mini-Bulk (less than full truck loads) tanker deliveries of corrosive chemicals.

Employment:

Pressure Vessel, Basic Chemical (2001 - 2014) - same company which was purchased in 2010 by Univar Inc. - Senior Account Manager
Northstar Chemical (2014 - present) - Senior Account Manger

Graduate of Cal State University Fullerton 1986 - Bachelor of Arts in Economics

G & J - REFERENCES

Agency Name	Delivery Address	Contact Name	Phone Number	E-Mail Address	Items, Delivery Frequency	Quantities	Delivery Frequency	Problems, delivery issues, etc.	Relevance
Elsinore	Lake Elsinore	Al Rivera	(951)674-3146	arivera@evmwd.net	Minibulk Sodium Hypo-30 plus well sites	360,000 gal Sodium Hypo	weekly	none	3 yr contract since Jan 2015
Burbank Water & Power	Burbank	Natalia Almeida	(818) 238-5466	WebA-FS-Pu@burbankca.gov	Bulk/MB Hypo and Caustic	100,000 gal Hypo & 100,000 gal Caustic	3-4 times per month	none	3 yr contract renewed since June 2015
City of Riverside	Riverside	Ben Hatheway	(951)826-5802	bhatheway@riversideca.gov	MB Hypo and Citric Acid, multiple locations	80,000 gal Hypo & 20,000 gal Citric 50%	3-4 times per month	none	Since Feb 2016 and renewed contract
City of Monrovia	Monrovia	Todd Hull	(626) 256-8209	thull@ci.monrovia.ca.us	MB Hypo and Sodium Hex, multiple wells	21,000 gallons Hypo & 11,000 gallon S. Hex	weekly	none	3 yr contract renewed since June 2018
City of Azusa	Asuza	Carlos Solis	(626) 334-0414	csolis@ci.azusa.ca.us	MB Hypo, Multiple well sites	50,000 gal Sodium Hypo	weekly	none	5 yr contact thru 2024, since 2014
Santa Clara Valley Water District	San Jose	Danette Lewis	(408)630-2224	Dlewis@valleywater.org	Bulk Phos acid, Bulk Sulfuric, Citric 50% multi locations	1000 T Phos, 1500 T Sulfuric, 10K gal Citric	weekly	none	Contracts with SCVWD since Jan 2016



I - Chemical Cost-Updated 6/30/20 Due to Tank Sizing Changes*
Dilution Change**

Chemical	Concentration	Tank/Tote	Capacity (g)	Dose	Units	30 Day Usage - EST	Price Quote	UOM
Citric Acid	50%	Tote	275	8	Gal/Batch	160	\$8.75	GAL
Sulfuric Acid*	93%	Tank	1100*	1.13	GPH	814	\$2.65	GAL
Liquid Ammonium Sulfate*	40%	Tank	1100*	2.083	GPH	1500	\$4.38	GAL
*Sodium Hypochlorite	12.5%	Tank	4600	4.1	GPH	2952 200	\$.99	GAL
				10	GAL/Batch	---		GAL
Sodium Bisulfite	25%**	Tank	1550	0.5	GPH	360	\$2.50	GAL
Sodium Hydroxide	25%	Tank	1550	0.14	GPH	101	\$1.71	GAL

Firm annual pricing from July 1, 2020 thru June 30, 2021.

Estimated 30-day chemical usages, based on engineer estimates, after successful start-up.

- Terms: Net 30 days
- Delivered pricing, includes freight and fuel surcharge
- Typical delivery lead time 2-3 business days
- Sales tax not included
- *Sodium Hypochlorite does not include California Mill Assessment tax currently at 2.175%.



I - Chemical Cost-Updated 6/16/20
 Due to Tank Sizing Changes*

Chemical	Concentration	Tank/Tote	Capacity (g)	Dose	Units	30 Day Usage - EST	Price Quote	UOM
Citric Acid	50%	Tote	275	8	Gal/Batch	160	\$8.75	GAL
Sulfuric Acid*	93%	Tank	1100*	1.13	GPH	814	\$2.65	GAL
Liquid Ammonium Sulfate*	40%	Tank	1100*	2.083	GPH	1500	\$4.38	GAL
*Sodium Hypochlorite	12.5%	Tank	4600	4.1	GPH	2952 200	\$.99	GAL
				10	GAL/Batch	---		GAL
Sodium Bisulfite	38%	Tank	1550	0.5	GPH	360	2.96	GAL
Sodium Hydroxide	25%	Tank	1550	0.14	GPH	101	1.71	GAL

Firm annual pricing from July 1, 2020 thru June 30, 2021.

Estimated 30-day chemical usages, based on engineer estimates, after successful start-up.

- Terms: Net 30 days
- Delivered pricing, includes freight and fuel surcharge
- Typical delivery lead time 2-3 business days
- Sales tax not included
- *Sodium Hypochlorite does not include California Mill Assessment tax currently at 2.175%.



NORTHSTAR PRODUCTS

INDUSTRIAL PRODUCTS	SPECIALTY PRODUCTS	WATER TREATMENT PRODUCTS
Sodium Hydroxide Potassium Hydroxide Hydrochloric Acid Nitric Acid Phosphoric Acid Sulfuric Acid Sodium Hypochlorite Sodium Bisulfite Calcium Chloride Aqua Ammonia	Citric Acid Potassium Sorbate Acid and Alkali Blends Chelated Caustics CIP Cleaner Foam Cleaner Sanitizer Packaged Additives and Ingredients Custom Blended Products	Aluminum Chlorohydrate Aluminum Sulfate Ferric Chloride Polymers Coagulants Boiler Treatment Cooling Tower Treatment Closed Loop Treatment

“Northstar drivers are absolutely the best in the industry. It doesn’t matter who comes to our facility; they are well trained and don’t take shortcuts. Other suppliers’ drivers pale in comparison to Northstar’s.”

—Scott Steinfeld, Assistant Warehouse Manager



LARGE-BULK/MINI-BULK

Improve operational performance with our safe, cost effective and environmentally friendly Mini-Bulk delivery system

PROVIDES

- Customized storage tanks
- Secondary spill containment
- Increased storage space
- Telemetry inventory monitoring
- Next day delivery service
- Enhanced inventory control
- Safety training
- Improved environmental standards
- Liability insurance coverage
- Improved work environment

ELIMINATES

- The use of drums and totes
- Container deposits, heel loss and rinse charges
- Wasted site space
- Lifting and handling heavy containers
- Exposure to hazardous materials

"The guys are top-notch. They are professional, know their stuff, and are very safety conscious. We have no concerns when Northstar trucks come on-site."

Jerry Jay, Chief Operator

Contact your Northstar Chemical representative for more information about our unique delivery system.

Sherwood, OR and Tacoma WA

888-793-9476

orders@northstarchemical.com

Modesto, CA

855-355-7014

ordersmodesto@northstarchemical.com

Santa Fe Springs, CA

855-355-7013

ordersLA@northstarchemical.com

EXHIBIT "C"

CERTIFICATES OF INSURANCE AND ENDORSEMENTS A

(insert behind this page)

WASTEWATER TREATMENT PLANT CHEMICAL SUPPLY AGREEMENT

THIS WASTEWATER TREATMENT PLANT CHEMICAL SUPPLY AGREEMENT (“Agreement”) is made and effective as of the _____ day of July, 2020 (“Effective Date”), by and between the CITY OF BEAUMONT (“CITY”) whose address is 550 E. 6th Street, Beaumont, California 92223 and Hasa, Inc., a California corporation whose address is 23119 Drayton Street Saugus, CA 91350 (“CONTRACTOR”).

RECITALS

This Agreement is entered into on the basis of the following facts, understandings and intentions of the parties to this Agreement:

A. CITY published a Request for Proposals for Project (“RFP”) on or about May 15, 2020, a copy of which is attached hereto as Exhibit “A” and which is deemed incorporated herein and made a part hereof by this reference for chemicals to be used in connection with the operation of the City’s newly constructed wastewater treatment plant;

B. CONTRACTOR submitted a proposal dated May 29, 2020 (“Proposal”) to the CITY to transport and deliver the desired chemicals and related services (collectively “Services”), which Proposal is attached hereto as Exhibit “B”; and

C. CITY desires to engage CONTRACTOR to provide Services; and

D. 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 which are incorporated herein by this reference 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. Notwithstanding anything in this Agreement to the contrary, this Agreement shall automatically terminate after one (1) year from the Effective Date unless extended by the parties with the approval of the City Council of the CITY. CITY shall have the option to renew this Agreement on identical terms including Compensation for up to two additional periods of one year each provided that the City Council elects to so exercise each option.

2. Services to be Performed. CONTRACTOR agrees to provide the services (“Services”) as follows: Services per the RFP attached as Exhibit “A” and the Proposal attached as Exhibit “B”. All Services shall be performed in the manner and according to the timeframe set forth in the RFP and Proposal. For the sake of clarity the Services include and CONTRACTOR

shall be responsible for and shall bear all liability and the risk of loss associated with the transportation of the chemicals from their point of origin to City's designated point of delivery until accepted by CITY. CONTRACTOR designates John McAllen 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 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. CITY's needs for the Services are not known with certainty because the same will be used in connection with the CITY's new wastewater treatment plant which is not yet in full operation. The rate schedule and estimated amount of required Sodium Hypochlorite is set forth here for the sake of convenience:

- Every 30 days; 2500 - 3999 gallons (short truckload) \$0.95/gal; or
- Every 5-6 weeks; 4000 gallons (full truckload) \$0.85/gal.

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. The CITY shall not be obligated to pay any invoice that is submitted more than sixty (60) days after the due date of such invoice. 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 per gallon fee charged is consistent with this Agreement's approved per gallon rate schedule;
- b. Determination that the multiplication of the hours billed times the approved rate schedule dollars is correct;

4.04 If the Services are satisfactorily completed, 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 advise 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, the RFP and the Proposal. In the event that the terms of the Proposal shall conflict with the terms of this Agreement, or contain additional terms binding on the City 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. In the event of a conflict between the terms of the RFP and the Proposal the RFP shall control.

5.02 Except as otherwise agreed by the parties, CONTRACTOR will supply all personnel, materials, vehicles 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 CONTRACTOR represents that it possesses all required licenses necessary or applicable to the performance of Services under this Agreement, the RFP 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. CONTRACTOR shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed in the same discipline in the State of California. CONTRACTOR represents and maintains that it is skilled in the calling necessary to perform the Services. CONTRACTOR warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, CONTRACTOR represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement.

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. Attached hereto as **Exhibit "C"** are copies of Certificates of Insurance and endorsements as required by Section 7.02. 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 /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.

6.05 Pollution liability insurance. Environmental Impairment Liability

Insurance shall be written on a CONTRACTOR's Pollution Liability form or other form acceptable to CITY providing coverage for liability arising out of sudden, accidental and gradual pollution and remediation. The policy limit shall be no less than \$1,000,000 dollars per claim and in the aggregate. All activities contemplated in this Agreement shall be specifically scheduled on the policy as "covered operations."

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 arising out of or in any way related to the performance of this Agreement by CONTRACTOR or any subcontractor or agent of either as set forth herein. Accordingly, the provisions of this indemnity are intended by the parties to be interpreted and construed to provide the fullest protection possible under the law to CITY. 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, agents and officials, from any liability, claims, suits, actions, arbitration 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 of or arising out of, or in any way attributable actually, allegedly or impliedly, in whole or in part to the performance of this Agreement. CONTRACTOR's obligation to defend, indemnify and hold harmless shall include any and all claims, suits and proceedings in which CONTRACTOR (and/or CONTRACTOR's agents and/or employees) is alleged to be an employee of CITY. All obligations under this provision are to be paid by CONTRACTOR as they are incurred by CITY.

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 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 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 in the same geographic area where the CITY is located. 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 jurisdiction over the action shall be in the state or federal court in Riverside County California and 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.

13.09 Severability. If any portion of this Agreement is declared invalid, illegal or otherwise unenforceable by a court of competent jurisdiction, the entire balance of this Agreement not so affected shall remain in full force and effect.

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:

CONTRACTOR:

CITY OF BEAUMONT

Hasa, Inc., a California corporation

By: _____
Rey Santos, Mayor

By:  _____

Print Name: **Ken Ward** _____

Title: **CFO** _____

EXHIBIT "A"

RFP

(insert behind this page)

EXHIBIT “B”

PROPOSAL

(insert behind this page)



May 29, 2020

Mr. Jeff Hart
Director of Public Works
City of Beaumont
550 E. 6th Street
Beaumont, CA 92223

Dear Mr. Hart,

HASA, Inc. is pleased to offer our proposal to the City of Beaumont for Chemical Supplies Services for the Wastewater Treatment Plant Project. As a 50+ year manufacturer and supplier of sodium hypochlorite, with our company headquarters based right here in Southern California, we certainly understand the scope of services required to undertake this project.

HASA, Inc. is a leading producer and distributor of high-quality water treatment solutions. Our products are used to sanitize and maintain recreational swimming pools and spas; water tanks and containment vessels; municipal drinking water; and other commercial and industrial water systems. Founded in 1964, the company is recognized industry wide as the premier source for sodium hypochlorite sanitization and shock solutions.

As Chief Financial Officer for HASA, Inc., I possess the authority to negotiate and contractually bind HASA to the services agreement put forth by City of Beaumont. I certify under penalty of perjury that HASA complies with nondiscrimination requirements of the state and federal government.

Thank you for the opportunity. My telephone number is 661-259-5848 if you have any questions regarding the statement above.

Sincerely,

A handwritten signature in black ink, appearing to read "Kw", is written over a light blue horizontal line.

Ken Ward
Chief Financial Officer



RFP for Chemical Supplies Services for the Wastewater Treatment Plant Project

- City of Beaumont

May 29, 2020



A. Introduction

What is the HASA difference?

HASA is the purest, strongest, fastest working liquid chlorine available on the market today. HASA is small enough to know you, and large enough to serve you.

At HASA, we understand the importance of safe, clean and clear water. We will deliver high quality Sodium Hypochlorite to your facility when you need it, with the professionalism and service you expect from your chemical supplier.

HASA will partner with City of Beaumont to manage the project and implement the proposed plan to deliver bulk Sodium Hypochlorite to its Wastewater Treatment Plant. We will provide all required documentation (weight ticket, COA, SDS, etc.) as requested, and we will deliver on your schedule when product is ordered.

And as your partner, HASA will recommend alternatives or upgrades to equipment and/or chemicals as necessary to ensure City of Beaumont meets and exceeds their plan's objectives.

Corporate mailing address:

HASA, Inc.
23119 Drayton St.
Saugus, CA 91350

For further information contact:

Amy Vermillion, Commercial Director, Industrial and MiniBulk Products
Tel: 909-297-9183

B. HASA's Approach

OUR COMMITMENT TO YOU

Collaboration

HASA treats our customers as partners. We communicate effectively and will answer any and all questions pertaining to the supply and delivery of the highest quality sodium hypochlorite on the market today.

Trust

As your partner, we establish trust by being honest and forthright in all that we do. We will do what we say we will do, we will strive to do it right every time, and we will do it on time. And if we happen to make a mistake, we will make it right as soon as possible.

Communication

HASA's team of professionals is on call, day or night, able to handle last minute changes or urgent issues that can't wait until normal business hours to be addressed. City of Beaumont will have a direct line to multiple key personnel at HASA to address your concerns or answer your questions.

C. HASA's Profile






Component	Attributes
<p>Production of High Quality, High Strength Sodium Hypochlorite</p>	<p>HASA, Inc. is a leading producer and distributor of high-quality water treatment solutions. Our products are used to sanitize and maintain recreational swimming pools and spas; water tanks and containment vessels; municipal drinking water; and other commercial and industrial water systems.</p>
<p>50+ Years</p>	<p>Founded in 1964, HASA is recognized industry wide as the premier source for sodium hypochlorite sanitization and shock solutions.</p>
<p>Footprint</p>	<p>The corporation employs approximately 465 people (397 hourly and 68 salaried employees), and operates seven production facilities strategically placed throughout the Western USA in Saugus, San Diego, Pomona, and Pittsburg, California, as well as Longview WA, Eloy AZ, and Bryan TX.</p>
<p>Delivery</p>	<p>The company employs its own delivery drivers and owns the trucks and trailers for its chemical deliveries.</p>

**Please note: HASA's proposal is for sodium hypochlorite only.*

D. Team Resumé

HASA Inc. Management Team

Item 14.

Executive	Experience	Background	
	Chris Brink <i>Chief Executive Officer</i>	20+ years	<ul style="list-style-type: none">■ Joined HASA in 2018 as COO and promoted to CEO■ Prior to joining HASA, served as VP at Accella Performance Materials; SVP, Business Head, Performance Additives at Henry Company; Leader of the Polyurethane Foam Systems Division at Dow Chemical and Product Development Chemist at Stepan Company
	Ken Ward <i>Chief Financial Officer</i>	20+ years	<ul style="list-style-type: none">■ Joined HASA in 2017 as CFO■ Prior to joining HASA, served as CFO at Klune Industries and Group Controller at Aerospace Dynamics (both subsidiaries of Precision Castparts / Berkshire Hathaway)
	Rob Bzdil <i>EVP, Supply Chain & Industrial Sales</i>	20+ years	<ul style="list-style-type: none">■ Joined HASA in 2015 and promoted to EVP of Supply Chain & Industrial Sales■ Prior to joining HASA, held a variety of roles including New Product Development / Process Engineering at Corning Glass, Project Engineering / Business Development at OxyChem and Pioneer Chlor-Alkali
	Angela Tran <i>SVP, Finance & Operational Excellence</i>	10+ years	<ul style="list-style-type: none">■ Joined HASA in 2017 and promoted to SVP of Finance & Operational Excellence■ Prior to joining HASA, served as Controller of Klune Industries and Aerospace Dynamics (both subsidiaries of Precision Castparts / Berkshire Hathaway)
	Rick Sawin <i>VP of Sales, Pool & Distribution</i>	30+ years	<ul style="list-style-type: none">■ Joined HASA in 2019 as VP of Sales, Pool and Distribution■ Prior to joining HASA, held a variety of roles in the pool industry including Director of M&A and VP of Commercial Sales at Leslie's Poolmart

E. Key Personnel

HASA'S TEAM of PROFESSIONALS

John McAllen (Project Manager)

John is HASA's most senior account manager for our Industrial market segment in Southern California. John is committed to quality and service in all that he does for HASA and our customers. He will be your main point of contact for sales and technical related questions.

John de la Torre (Director of Transportation)

John joined HASA last year, and is a critical addition to our management team. John directs the all-important logistics coordinating with HASA's team of professional drivers and well-maintained trucks and trailers, making sure your order will arrive on time, every single time.

Jennifer Pieri (Customer Service Manager)

Jennifer has been with HASA since 1996 and brings the professionalism and "can do" attitude that we at HASA strive to emulate each day. Jennifer will work with City of Beaumont along with her team of customer service representatives to manage the day-to-day aspects of order fulfillment and account receivables.

F. References

HASA'S PROVEN TRACK RECORD

HASA has a proven 50+ year track record of safe delivery to water treatment facilities throughout Southern California.

Company: Yucaipa Valley Water District
Address: 12770 Second St., Yucaipa, CA 92399
Contact: Ron McCall (909) 790-9208
Annual quantity: 100,000 gals.

Company: Santa Clarita Valley Water Agency
Address: 27234 Bouquet Canyon Road, Santa Clarita, CA 91350
Contact: Jim Weiherer (661) 513-1236
Annual quantity: 120,000 gals.

Company: Olivenhain Municipal Water District
Address: 16595 Dove Canyon Rd., San Diego, CA 92127
Contact: Gabe Hernandez (619) 851-2115
Annual quantity: 100,000 gals.

Company: County of Ventura Public Works Agency
Address: 6767 Spring Rd. Moorpark, CA 93020
Contact: Augustine: Godinez (805) 378-1169
Annual Quantity: 100,000 gals.

Company name: Pasadena Water and Power
Address: 150 S. Los Robles Ave. Pasadena, CA 91101
Contact: Doug Ross (626) 744-8441
Annual Quantity: 50,000 gals.

G. Scope of Services

Scope of Services by HASA, Inc.

Item 14.

Component	Requirements
<p>Production of High Quality, High Strength Sodium Hypochlorite</p>	<ul style="list-style-type: none"> • Secure Raw Material supply based on demand forecast, with a durable supply track record • Utilize high performance filtration process to produce high spec product that slows degradation substantially • Monitor product during storage and adjust as required to ensure product arrives at City of Beaumont Wastewater Treatment Plant at specified strength • Production has a proven track record in accommodating any change in delivery schedule
<p>Delivery</p>	<ul style="list-style-type: none"> • Delivery of product is made on HASA trucks by HASA drivers • Drivers are certified and maintain the highest hazmat qualifications • Drivers are professional and are well trained in deliveries to wastewater treatment plants • All paperwork is consistently complete and correct • Equipment is maintained per schedule and kept in good working order to ensure safe and timely delivery • Deliveries are available for weekends, holidays and in any emergency situation, and are accommodated
<p>Service</p>	<ul style="list-style-type: none"> • HASA has structured service levels to accommodate requirements and has invested in assets to specifically service the needs of our Southern California clients, such as City of Beaumont • Personnel maintain an “on call” status and are available should any need arise
<p>Continued Investment</p>	<ul style="list-style-type: none"> • HASA has built the production, transportation and service infrastructure necessary to support the consistent delivery of high quality, high strength sodium hypochlorite to serve our Southern California clients. Investments include: <ul style="list-style-type: none"> ✓ The highest quality filter system available to broaden supply base and reduce the risk of supply interruption ✓ Increased capacity for finished product storage and bleach plant production ✓ Additional transportation personnel and tank trailer and tractor assets to guarantee product delivery ✓ Registration for different strengths of sodium hypochlorite is in process and will allow Hasa to possibly ship a higher concentration product which will reduce the number of deliveries, truck traffic, freight and operating costs ✓ Additional bleach plant improvements are underway to increase throughput and improve inline quality testing

H. Cost

HASA, Inc. is pleased to offer pricing for the City of Beaumont Wastewater Treatment Plant's bulk 12.5% Sodium Hypochlorite requirements.

Delivery Schedule	Cost Proposal
Every 30 days	<ul style="list-style-type: none"> 2500 - 3999 gallons (short truckload) \$0.95/gal firm 7/1/2020 – 6/30/2021
Every 5-6 weeks	<ul style="list-style-type: none"> 4000 gallons (full truckload) \$0.85/gal firm 7/1/2020 - 6/30/2021

Product: Bulk Multi-Chlor® 12.5% filtered sodium hypochlorite)

Sales terms: FOB Beaumont, CA 92223

Lead time: 2-3 business days

Price firm until June 30, 2021; may add up to two 1-year contract extensions with an updated price quote.

* *We are willing to discuss pricing cap on a 3-year contract.*



J. Additional Information

HASA'S SAFETY STATEMENT

We value safety in everything we do.

At work, at home and on the road, we all contribute to a safe and healthy environment for our employees, customers, suppliers, contractors and visitors. Together, our actions result in people being safe each and every day. We constantly strive toward zero injuries and lost time incidents. There is no end to our journey.

Safety takes precedence above all.

Together and individually, we demonstrate our commitment by: Taking the time to do our work safely; taking actions to prevent and eliminate hazards; speaking up when we see an unsafe situation; and incorporating safety into everything we do, including how we define success. We continuously work to improve our safety habits, because we can never be too safe.

We manage safety at all levels.

From executives to front line employees, we hold ourselves and each other to high safety standards across the organization. HASA employs an extensive program of risk management under the EPA Risk Management program. HAZCOM and emergency response training are employed at all sites and managed through a central process to ensure consistency. HASA cooperates with all local, state and federal agencies, including OSHA, the EPA, DOT, local fire departments, DPR, and others in order to maintain a high level of compliance to standards.

THE HASA ADVANTAGE

Decomposition:

All sodium hypochlorite decomposes, a fact that all bleach manufacturers battle with. Light, heat, organic matter and heavy metals such as iron, copper, nickel, and cobalt accelerate the rate of decomposition, contributing to the loss of sodium hypochlorite strength and the formation of oxygen. Loss of available chlorine through decomposition means using more product to achieve the same level of disinfection.

The Powell Filter Advantage:

- Removes Virtually ALL Contaminants
- Highest Quality
- Purest Product
- Slower Decomposition
- More Active Product per Gallon
- Lower Usage Costs
- Eliminates/Reduces Tank Cleanouts

So why choose HASA?

- Local Sales and Tech Support
- Dedicated Fleet of Trucks
- Dependable/On Time Service
- State of the Art Manufacturing
- Leader in Government & Environmental Standards

EXHIBIT "C"

CERTIFICATES OF INSURANCE AND ENDORSEMENTS A

(insert behind this page)

MEMORANDUM

To: City of Beaumont
From: Townsend Public Affairs
Date: July 1, 2020
Subject: Monthly Report for the City of Beaumont — June 2020

State Legislative Update

In June, the Legislature was focused primarily on passing a State Budget before the June 15 constitutional deadline. While the Legislature met its obligation to pass a budget by June 15, the budget bill did not reflect a finalized deal between the Administration and the Legislature. Subsequently, the Legislature then passed a “Junior Budget Bill” that was negotiated with the Administration, as well as a majority of the budget trailer bills needed to implement the State Budget. On June 29, Governor Newsom signed the \$202 billion State Budget for the upcoming fiscal year.

The Legislature was also actively considering legislation in June to meet several legislative deadlines. June 5 was the last day for policy committees to report non-fiscal bills to the floor, and June 19 was the last day for fiscal committees to hear and report bills to the floor. June 22-26 was dedicated to floor session only for the Senate, and the Assembly was told to return to Sacramento in order to pass the budget. June 25 was also the deadline for the Legislature to pass a measure in time to qualify for the November ballot.

Lastly, Governor Newsom has continued his press briefings to update the State on the status of COVID-19 in California. With counties re-opening across the State, COVID-19 cases, as well as the positivity testing rate, have begun to increase. Specifically, in the last seven days, there has been a 45 percent increase in the number of positive cases, a 5.9 percent increase in the positivity rate, and a 45 percent increase in the number of hospitalizations in the last two weeks. This has resulted in the Governor taking more action to mitigate the spread of the virus by enacting a statewide face-covering order and re-closing certain business sectors in 19 counties throughout the State.

Below are the upcoming deadlines for the Legislature:

July 3 – Independence Day observed

July 13 – Legislature reconvenes from Summer Recess

July 31 – Last day for policy committees to hear and report fiscal bills to fiscal committees

August 7 – Last day for policy committees to meet and report bills

Governor's COVID-19 Action Summary

Below is a summary of the major COVID-19 actions taken by the State Administration in June:

- **July 1 – Stay at Home Order:** Governor Newsom announced that certain sectors are being ordered to close indoor operations, due to the increased likelihood of spread and the ability to mitigate that spread. These closures are to go into effect immediately in the 19 counties that are on the County Monitoring List.
- **June 30 – Eviction Moratorium:** Governor Newsom issued an executive order extending authorization for local governments to halt evictions for renters impacted by the COVID-19 pandemic, through September 30.
- **June 25 – Budget Emergency Declaration:** Governor Newsom issued a proclamation of a budget emergency to make additional resources available to fund the state's ongoing emergency response to the COVID-19 pandemic, ensuring the availability of funding for personal protective equipment, medical equipment and other expenditures as necessary to support a potential hospital surge and provide necessary services to vulnerable populations.
- **June 22 – Recycling:** The order extends a waiver that allows retailers to temporarily pause in-store redemption of beverage containers to mitigate the spread of COVID-19. The order also temporarily suspends the requirement for recycling centers to hold a minimum number of hours of operation.
- **June 18 – Statewide Mask Order:** The California Department of Public Health released guidelines mandating the public to wear face coverings while in public with a limited number of exemptions.
- **June 15 – Executive Order:** Governor Newsom signed an executive addressing a variety of issues in response to the COVID-19 pandemic.
- **June 8 – Respirators:** Governor Newsom announced that California-based BYD North America received certification from the National Institute for Occupational Safety and Health (NIOSH) to produce N95 respirators for the state.
- **June 5 – Personal Protective Equipment:** Governor Newsom signed an executive order that will help increase the availability of over-the-counter drugs, such as hand sanitizer, and medical devices, such as respirators, ventilators and masks, which are in demand due to the COVID-19 pandemic.

2020 State Budget

On June 29, Governor Newsom signed the 2020 State Budget Bill, as well as a majority of the budget trailer bills needed to implement the various portions of the State Budget. The Assembly reconvened from their summer recess on June 26 to vote on the Junior Budget Bill and other measures approved by the Senate on June 25. The measures were sent to the Governor so that he could act on the budget prior to the constitutional deadline.

Budget Deficit

The budget agreement addresses the State's \$54 billion budget deficit through a combination of cuts, fund deferrals, and temporary revenue increases. The State Budget adopts budgetary cuts to the State's university systems, courts, housing-related programs, and other investments, as well as realizes savings from state employee salary adjustments; however, these cuts can be rescinded if California receives additional federal assistance prior to October 2020. Any future federal aid will restore these specific cuts and deferrals on a one-time basis.

Overall, the State Budget that was approved by the Legislature rejects most of the programmatic cuts that were contained in the Governor's May Revise. The Budget does contain the Governor's "trigger up" structure of cuts but adopts many of the Legislature's preferred means of addressing the budget shortfall. The Budget does not contain the proposed May Revise cuts to education and community colleges, but instead defers billions in education funding to future budget years. The Budget also rejects \$2.2 billion in cuts that were proposed in the May Revise for health and human services programs, including programs for seniors.

Budget Highlights – Local Governments

Included within the budget agreement is federal funding to help address the impacts of the coronavirus pandemic. Specifically, the budget contains \$500 million in Coronavirus Relief Funds for cities, which will be allocated with \$225 million for cities with populations above 300,000 and \$275 million for cities with populations below 300,000. The Department of Finance will be working quickly to disperse these funds, as federal law requires the funds to be expended by the end of the calendar year or else the funding will revert to the federal government.

The Department of Housing and Community Development is receiving \$550 million in CARES Act funding to help secure shelter for homeless individuals who are at risk for contracting COVID-19. Specifically, the funding can be used for acquisition, or acquisition and rehabilitation, of motels, hotels, or hostels; master leasing of properties; acquisition of other sites and assets; and the relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.

An additional \$300 million from the State's General Fund is provided to local governments to address homelessness, building on the state's investments of recent years. This funding will be distributed in the form of Round 2 of the Homeless Housing Assistance Prevention (HHAP) program as follows: \$90 million to Continuums of Care; \$130 million to cities with populations over 300,000; and, \$80 million to counties.

Housing Legislation

Despite the limited number of bills being heard this year compared with other years due to COVID-19 and the modified legislative calendars, the Senate and Assembly are proposing housing packages that aim to increase the amount of housing development throughout the State. Assemblymember David Chiu (D-San Francisco), chair of the Housing and Community Development Committee, and Senate Pro Tempore Toni Atkins (D-San Diego) have released a housing package that includes the following bills:

- **AB 725 (Wicks D)** Amends Housing Element law to require certain jurisdictions to zone for multi-family moderate and above-moderate income housing.

- **AB 1279 (Bloom D)** Requires certain development sites in high resource areas to allow for more density and height and makes these sites subject to "use by-right" approval.
- **AB 1851 (Wicks D)** Allows a religious institution to develop an affordable housing project at a place of worship owned by the religious institution even if the development requires the religious institution to reduce the number of religious-use parking spaces available at the place of worship.
- **AB 2323 (Friedman D)** Expands the application of California Environmental Quality Act (CEQA) exemptions for housing and other projects by permitting community plans to serve as the basis for exemption of residential, mixed-use and employment center projects near transit areas.
- **AB 2345 (Gonzalez D)** Revises Density Bonus Law to increase the maximum allowable density and the number of concessions and incentives a developer can seek.
- **AB 3040 (Chiu D)** Allows cities and counties to receive a specified credit towards meeting their Regional Housing Needs Allocation (RHNA) for rezoning single-family neighborhoods to allow four units per parcel.
- **AB 3107 (Bloom D)** Makes housing an authorized use on commercially zoned land.
- **AB 3279 (Friedman D)** Revises California Environmental Quality Act (CEQA) litigation procedures by reducing the deadline for a court to commence hearings from one year to 270 days.
- **SB 902 (Wiener D)** This bill permits a local government to pass an ordinance to zone any parcel up to 10 units of residential density per parcel, at a height specified by the local government in the ordinance, if the parcel is located in a transit-rich area, a jobs-rich area, or an urban infill site.
- **SB 995 (Atkins D)** This bill extends for four years the Jobs and Economic Improvement Through Environmental Leadership Act of 2011 until 2025; and makes housing projects that meet certain requirements eligible for certification under the Act.
- **SB 1085 (Skinner D)** This bill makes several changes to density bonus law (DBL) and provides additional benefits to housing development projects that include moderate-income rental housing units.
- **SB 1120 (Atkins D)** This bill requires ministerial approval of duplexes and specified parcel maps.
- **SB 1385 (Caballero D)** This bill enacts the Neighborhood Homes Act, which establishes housing as an allowable use on any parcel zoned for office or retail uses.

These bills will be considered in their respective policy committees later this month. TPA will continue to advocate on behalf of the City as the Legislature considers these housing measures for the remainder of the 2020 legislative session.

Social Justice and Equity Legislation

Since the death of George Floyd that has received statewide and national attention last month, the Legislature has been focused on advancing social equity and police reform legislation. Namely, the Legislature has passed ACA 5 (Weber, D-San Diego), a bill that repeals Proposition 209, the State constitutional provision that passed in 1996 that prohibited California from granting preferential treatment to (or discriminating against) any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting. The bill, which is a constitutional amendment, received a two-thirds vote in both houses and does not require a signature from the Governor to qualify for the ballot.

Additionally, the Legislature is considering AB 1196 (Gipson, D-Carson), a bill that would prohibit a law enforcement agency from authorizing the use of a carotid restraint or a choke hold when making an arrest. The bill has received some bipartisan support and is scheduled to be heard in the Senate once it is referred to a policy committee. Below is a list of additional social justice and equity bills in the Legislature:

- **AB 1506 (McCarty D)** This bill would create a division within the Department of Justice to, upon the request of a law enforcement agency, review the use-of-force policy of the agency and make recommendation.
- **AB 1835 (Weber D)** Requires each local educational agency (LEA) expend unspent supplemental and concentration Local Control Funding Formula (LCFF) grant funds toward services for unduplicated pupils in future years.
- **AB 1950 (Kamlager D)** Specifies that a court may not impose a term of probation longer than two years for a felony conviction and one year for a misdemeanor conviction, except as specified.
- **AB 2054 (Kamlager D)** This bill creates the Community Response Initiative to Strengthen Emergency Systems Act Grant Pilot Program (C.R.I.S.E.S. Pilot Program) to expand community participation in emergency response planning.
- **AB 2342 (McCarty D)** Creates a program through which parolees, except those required to register as a sex offender, are able to earn "reintegration credits" to reduce the term of parole.
- **AB 2405 (Burke D)** Establishes that it is the policy of the state that every child and family in California has a right to safe, decent, and affordable housing.
- **AB 3121 (Weber D)** Establishes an eight-member task force to do the following: study the issue of reparations for African Americans; propose ways to educate the California public about its findings; make recommendations on the forms that reparations might take; and submit a report of its findings to the Legislature

These bills will be considered in their respective Senate policy committees later this month. TPA will continue to advocate on behalf of the City as the Legislature considers these measures for the remainder of the 2020 legislative session.

November 2020 Ballot Update

June 25 was the last day for the Legislature to pass measures to qualify for the November 2020 ballot. TPA will be providing a comprehensive update on the qualified ballot measures, but below is a brief summary of these initiatives:

- **1880. (19-0022A1):** Authorizes bonds to continue funding stem cell and other medical research.
- **1864. (19-0003):** Changes requirements for transferring property tax base to replacement property. Expands business property reassessment.
- **1870. (19-0008A1):** Increases funding for public schools, community colleges, and local government services by changing tax assessment of commercial and industrial property.
- **1840. (17-0044):** Restricts parole for non-violent offenders. Authorizes felony sentences for certain offenses currently treated only as misdemeanors.
- **1862. (19-0001):** Expands local governments' authority to enact rent control on residential property.
- **1883. (19-0026A1):** Changes employment classification rules for app-based transportation and delivery drivers.
- **1882. (19-0025A1):** Authorizes state regulation of kidney dialysis clinics. Establishes minimum staffing and other requirements.
- **1879. (19-0021A1):** Amends consumer privacy laws.
- **1856. (18-0009):** Referendum to overturn a 2018 law that replaced money bail system with a system based on public safety risk.

Additionally, the measures below were recently passed by the Legislature and will qualify for the November 2020 ballot.

- **ACA 5 – Government preferences:** The California Constitution, pursuant to provisions enacted by the initiative Proposition 209 in 1996, prohibits the state from discriminating against, or granting preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting. The California Constitution defines the state for these purposes to include the state, any city, county, public university system, community college district, school district, special district, or any other political subdivision or governmental instrumentality of, or within, the state. This measure would repeal these provisions.
- **ACA 6 – Elections, disqualification of voters:** Would direct the Legislature to provide for the disqualification of electors who are serving a state or federal prison sentence for the conviction of a felony. This measure would also delete the requirement that the Legislature provide for the disqualification of electors while on parole for the conviction of a felony. The measure would provide for the restoration of voting rights upon completion of the prison term.

Additional information regarding these ballot measures can be found on the Secretary of State's website.

Additional Legislation

AB 1063 (Petrie-Norris): Planning and Zoning Law: housing elements: accessory dwelling units: adequate site substitutes.

This bill would increase the 25% cap of local governments to count projects that have been rehabilitated, converted, or preserved towards their RHNA numbers to 50% and clarify that committed assistance be demonstrated early enough such that the housing units would be completed and available before the end of the planning period. Expand the ability for cities to count ADUs as affordable units towards RHNA requirements by establishing an accepted assumption for estimating ADU production and affordability levels. Require jurisdictions that have voter-approved measures to submit a draft Housing Element to HCD by their stated deadline. **This bill is now in the Senate.**

SB 795 (Beall): Economic development: housing: workforce development: climate change infrastructure

This bill allocates \$10 billion over five years to several existing housing, homelessness, and pre-apprenticeship programs, as well as creating two new infrastructure financing programs at the Governor's Office of Business and Economic Development (Go-Biz). **SB 795 passed and has been referred to the Assembly Housing and Community Development Committee.**

SB 899 (Wiener): Planning and zoning: housing development: higher education institutions, nonprofit hospitals, or religious institutions

This bill provides that housing is a use by right on land owned by a religious institution, nonprofit hospital, or nonprofit college, as specified. **SB 899 passed and has been referred to the Assembly Housing and Community Development Committee.**

SB 1138 (Wiener): Housing element: emergency shelters: rezoning of sites

This bill makes changes to housing element law with regards to where shelters may be zoned, as specified. This bill also requires localities that fail to adopt a legally compliant housing element within 120 days of the statutory deadline, to complete a rezone program within one year instead of the current three-year requirement. **SB 1138 passed and has been referred to the Assembly Housing and Community Development Committee.**

SB 1299 (Portantino): Housing development: incentives: rezoning of idle retail sites

This bill requires the California Housing and Community Development Department (HCD) to administer a program to provide grants to local governments that rezone idle sites used for a big box commercial shopping center to instead allow the development of workforce housing, as defined. **SB 1299 passed and has been referred to the Assembly Housing and Community Development Committee.**

Federal Legislative Update

In June, protests related to racial justice and police brutality dominated the federal landscape, while the health and economic impacts of COVID-19 continued to be prominently featured in policy and political circles. The rate of infection increased during the month of June, as many states began various phases of reopening.

Coronavirus Aid Packages

White House Advisor Peter Navarro indicated President Trump wants to see a Phase 4 price tag around \$2 trillion and wants to focus on bringing manufacturing jobs back to the United States. Senate Majority Leader Mitch McConnell has stressed to President Trump that he would prefer a smaller package, no more than \$1 trillion. As a reminder, the House passed a Phase 4 package, the HEROES Act, last month worth \$3 trillion.

The most contentious sticking point in the next coronavirus aid package is expected to be the question of how to help the more than 40 million unemployed Americans. The next coronavirus aid package is expected to move in the coming weeks. Some proposals we have heard discussed among Congressional staff include:

- Continuation of supplemental \$600 per week on top of regular unemployment benefits
 - Senate Majority Leader Mitch McConnell has publicly indicated that Republicans will not support an extension of the \$600 weekly unemployment supplemental that Congress passed in March. Some GOP lawmakers have said they believe the additional aid provides a disincentive to return to work.
 - Most Democrats in the House and Senate have argued that the supplemental unemployment benefits, which are set to expire at the end of July, should be made to last beyond the summer.
- Business payroll subsidies
 - Senator Josh Hawley (R-MO) is going to introduce a bill to have the federal government subsidize business' payrolls during the pandemic.
- Back-to-work bonus
 - Senator Rob Portman (R-OH) is working on a proposal to provide workers with an additional \$450 a week bonus on top of their current wages as an incentive to go back to work
 - President Trump has signaled early support for this idea
- Automatic economic stabilizer
 - Senate Minority Leader Chuck Schumer is considering a push to automatically tie unemployment benefits to the condition of the economy
 - Speaker Nancy Pelosi has also publicly endorsed this idea, saying it would avoid the political wrangling that could otherwise threaten to hold up much-needed aid.
- Tourism
 - In Washington DC there are behind-the-scenes conversations about a potential proposal to boost tourism by providing tax breaks for Americans who travel inside the United States. It is being actively considered by the White House for inclusion in the next coronavirus stimulus package. Here are some preliminary details that are being discussed:
 - The tourism tax incentive would be up to \$4,000 per household.
 - It would permit a refund of 50 percent of qualified travel expenses through the end of 2021

- Qualified expenses would be defined as any purchase over \$50 during travel inside the United States on “meals, lodging, recreation, transportation, amusement or entertainment, business meetings or events, and gasoline.”
- Restaurants
 - Senator Roger Wicker (R-MI) and Congressman Earl Blumenauer (D-OR) announced a bill that would create a dedicated relief fund for restaurants.
 - The bill would set up a \$120 billion grant program to help restaurants with fewer than 20 locations that aren’t publicly traded
 - Senator Wicker said he is aiming to get the legislation included in the next coronavirus relief package, which he said he anticipated Congress would take up in mid- to late-July.
 - As a senior Senate Republican, Wicker has influence on the Senate response to the House-passed HEROES Act.

Another point of contention that has yet to be negotiated is using state and local funding to repair coronavirus-related revenue loss. Several proposals recommend different funding levels and allocation formulas, with no clear front-runner. Ultimately, both Democrats and Republicans seem to recognize the need for additional state and local funding, and will likely allocate additional funding with some restrictions.

Phase 4 negotiations are expected to begin in earnest in the next few weeks, with a package finalized after Independence Day.

Coronavirus Relief Fund Guidance

This month, the Treasury Department released updated FAQs on the Coronavirus Relief Fund, which allocated funds to state and local governments through the CARES Act. New information includes:

- CRF money can be used to offset the 25% matching requirement for FEMA’s Public Assistance Grants.
- If you are using CRF money to fund public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency, you are not required to track time of the employees responding to COVID-19.
- CRF money can be given to non-profits to distribute COVID-related assistance
- CRF money can be used towards marketing expenses for local tourism industries. The guidance makes the following stipulations:

Policing Bills

Following protests across the nation, Republicans and Democrats introduced police reform bills in June to address a variety of issues.

The Democrats’ preferred bill, the “Justice in Policing Act” (H.R. 7120), is sponsored by Congressional Black Caucus Chairwoman Karen Bass (D-CA) and Judiciary Committee Chairman Jerry Nadler (D-NY) in the House. Senators Cory Booker (D-NJ) and Kamala Harris (D-CA) are the leaders of the effort in the Senate.

The bill would do the following:

- Drop the threshold for defining police misconduct from “willfully” violating constitutional rights to doing so with knowing or reckless disregard.
- Weaken the qualified immunity that broadly shields police officers from being liable for damages for rights violations.
- Ban choke-holds like the one used by police in the death of George Floyd, as well as no-knock warrants, which led to the death of Breonna Taylor in Louisville in March.
- Make lynching a federal crime for the first time.
- Create a national registry of police violations
- Require Federal officers to wear body cameras.
- Place new limits on federal funding for local and state police
- Require bias training and the use of de-escalation tactics in order for grants to be approved.
- Curtail the transfer of military weaponry to state and local police.

The bill passed the House and awaits movement in the Senate. Additionally, Congressional Republicans, led by Senator Tim Scott (R-SC), released their own bill, the “Just and Unifying Solutions to Invigorate Communities Everywhere (JUSTICE) Act” (S. 3985).

A summary of the JUSTICE Act is as follows:

- Requires reports on no-knock warrants
- Creates compliance assistance grants
- Incentivizes banning of chokeholds
- Criminalizes falsifying police incident reports
- Establishes a new Body-Worn Cameras grant program
- Requires law enforcement agencies to maintain and appropriately share disciplinary records for officer hiring consideration
- Makes lynching a federal crime
- Establishes a Commission on the Social Status of Black Men and Boys
- Requires DOJ to develop and provide training on de-escalation and implementation and fulfillment of duty to intervene policies.
- Establishes a National Criminal Justice Commission
- Allows COPS grants to be used by law enforcement agencies to hire personnel reflective of the communities they serve
- Urges consensus development of best practices for policing tactics, employment processes, community transparency and administration. Studies on community Use of Force review boards, law enforcement officer engagement on issues related to mental health, homelessness, and addiction, and proposals on improving accountability for DOJ grants.
- Makes it unlawful for a federal law enforcement officer to engage in a sex act while serving or with an individual who is under arrest, in detention, or in an officer’s custody.

Although both the Republican and Democratic bills address police violence, there are relatively few similar provisions between the two bills – both bills would make lynching a federal crime, but take different approaches to police misconduct tracking and penalties, qualified immunity, choke-holds, no-knock warrants, body cameras, and federal funding.

The Democrats, in opposition to the Republicans' version of policing reform, blocked consideration of the bill in the Senate. This created an impasse between both sides of the aisle on police reform, and a path forward is not clear.

DACA

In June, the Supreme Court ruled that the Trump Administration cannot shut down the Deferred Action for Childhood Arrivals (DACA) program using its current plan. The 5-4 ruling, written by Chief Justice Roberts, said that the government failed to give an adequate justification for ending the federal program, and that the Department of Homeland Security did not act properly when it ordered the program ended in 2017. The majority opinion described the decision as "arbitrary and capricious".

The ruling also indicated that the Department of Homeland Security does have the authority to shut down the program. The Trump Administration can try again to shut it down by following the law and offering a more detailed explanation for its action.

Small Business

This month, Congress passed and the President signed legislation to extend the Paycheck Protection Program's former eight-week period during which businesses must use funds to have loans forgiven to 24 weeks or December 31, whichever comes sooner. In addition, on July 1, Congress passed legislation (S 4116) to extend the deadline to apply for businesses to apply for PPP loans from June 30 to August 8. President Trump is expected to sign the PPP extension legislation into law.

Following Congressional pressure, the Department of Treasury and the Small Business Administration announced they will release the names of companies and nonprofits that got loans larger than \$150,000 under the Paycheck Protection Program, along with other identifying information. This is expected to cover nearly 75 percent of the over \$500 billion lent out so far, though a minority of the 4.5 million total beneficiaries. Additionally, Congress will get complete access to individual loan data from the Paycheck Protection Program, beyond what the agencies have agreed to share with the broader public.

Infrastructure

This month, Speaker Nancy Pelosi announced the House's plan to package several typically unrelated bills into one massive "infrastructure" package, which will include more than \$1.5 trillion in funding. Deemed the "Moving America Forward Act" (H.R. 2), House leadership indicated the bill will focus on resiliency, job creation, commerce, and restoring the economy.

The Moving America Forward Act will center primarily around the Investing in a New Vision for the Environment and Surface Transportation in America Act (INVEST Act), which serves as the House's version of the Surface Transportation Reauthorization. This legislation, which provides nearly \$500 billion in highway and transportation funds over 10 years, has been discussed for finalization by the House Transportation Committee over the past two days. In addition to the INVEST Act, the Moving America Forward Act also will incorporate the following inclusions:

- \$100 billion for low-income schools
- \$100 billion for affordable housing
- \$100 billion for broadband

- \$70 billion for the electric grid
- \$65 billion for water projects, including \$2.25 billion for PFAS grants
- \$30 billion for hospitals
- \$25 billion for the Postal Service

The “Moving America Forward Act” is currently being amended on the House floor and is expected to pass. TPA has worked with Congress to ensure the inclusion of programs like Community Block Development (CDBG) and INFRA Grants, continued funding for programs such as EPA’s Brownfields Program, aircraft noise mitigation, and water infrastructure.

TPA has also worked to ensure passage of key amendments such as Congresswoman Lizzie Fletcher’s (D-TX) amendment submission, which amends the legislation to designate funds allocated through the Highway Trust Fund for undergrounding public utilities. This bill language is critical, as it would help to mitigate the cost of recurring damages from extreme weather events, wildfire or other natural disasters.

Land and Water Conservation Fund

In June, the Senate voted 73-25 to clear the bill to secure mandatory funding for the Land and Water Conservation Fund (LWCF) at \$900 million annually and provide billions to address maintenance backlogs on the nation’s public lands. If this bill is finalized, the LWCF would no longer be subject to the annual appropriations negotiation process.

The measure now heads to the House, where prospects for passage are strong. House Natural Resources Chair Raúl Grijalva (D-AZ) is publicly backing the bill and saying it has bipartisan support, including from Speaker Nancy Pelosi (D-CA) and House Majority Leader Steny Hoyer (D-MD).

At the federal level, permanent reauthorization and a shift to mandatory funding would protect LWCF in perpetuity. Previously, the program was subject to reconsideration and possible elimination in each annual appropriations cycle and put the program much more at the whims of the political process. If permanent reauthorization is finalized, it would take another act of Congress to unauthorize the program and reduce or eliminate funding, which is extremely difficult and unlikely. With permanent authorization, LWCF can make long-term plans and long-term investments in communities, knowing that their funding is safe.

In every conversation about the Land and Water Conservation Fund TPA has with members of Congress and their staff, we have always stressed the importance of permanent reauthorization and a shift to mandatory funding, since this would create reliability and enshrine a commitment to conservation for generations to come. The push from TPA and other stakeholders has been ongoing for years, and this is the closest legislation has come to making the Fund permanent.



To: City Council
From: John O. Pinkney, City Attorney
Date: June 22, 2020
Re: List of Pending Litigation Against City of Beaumont

Pending Litigation Against the City (does not include litigation initiated by the City)

1. ***Urban Logic v. City of Beaumont et al.***, Case No. RIC 1707201 (Pre-Trial)
2. ***Aguirre et al. v. City of Beaumont et al.***, Case No. RIC 1810937 (Pre-Trial)
3. ***Serrato v. City of Beaumont***, Case No. RIC 1820593 (Pre-Trial)
4. ***Charles Peters dba Pioneer Mobile Village v. City of Beaumont, et. al.***, Case No. RIC 1707116 (Pleading)
5. ***Loandepot.com, LLC, dba Imortgage v. Penman et. al.***, Case No. RIC 1722842 (Pleading)