



## MEETING PARTICIPATION NOTICE

This meeting will be conducted utilizing teleconference communications and will be recorded for live streaming. In accordance with the State of California Executive Order N-29-20 dated March 17, 2020, all City of Beaumont public meetings will be solely 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](https://www.beaumontca.gov/Livestream)**

Public comments will be accepted via email and will be read aloud during the corresponding item of the meeting. Public comments shall not exceed (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](mailto:NicoleW@BeaumontCa.gov)**

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, May 19, 2020

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

### AGENDA

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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.

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#### 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 Existing Litigation-Pursuant to Government Code Section 54956.9(d)(1): Urban Logic v. City of Beaumont et. al. Case No. RIC 1797201**

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

#### 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.*

##### **1. Approval of Minutes**

###### **Recommended Action:**

Approve Minutes dated May 5, 2020.

##### **2. Approve a Park Dedication Agreement between the City of Beaumont and SDC Fairway Canyon, LLC for Trevino Park, Palmer Park, and Nicklaus Park (APNs 413-790-047, 413-790-037, 413-290-026, 413-460-051, and 413-790-030)**

###### **Recommended Action:**

Approve a Park Dedication Agreement between the City of Beaumont and SDC Fairway Canyon, LLC for Trevino Park, Palmer Park, and Nicklaus Park (APNs 413-790-047, 413-790-037, 413-290-026, 413-460-051, and 413-790-030) and authorize the Mayor to execute the agreement on behalf of the City of Beaumont.

##### **3. General Plan Update Contract Amendment No. 4 with Raimi + Associates for an Update to the Travel Demand Model for the General Plan Update Traffic Impact Analysis to Include the Connection of Second Street to Pennsylvania Avenue**

###### **Recommended Action:**

Approve Contract Amendment No. 4 to the purchase order with Raimi + Associates for the general plan update and the environmental impact report in the amount of \$5,945 for a total contract amount not to exceed \$840,129.

## **PUBLIC HEARINGS**

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

### **4. Public Hearing and Consideration of Adopting a Resolution Updating the Transportation Uniform Mitigation Fee Schedule**

#### **Recommended Action:**

Hold a Public Hearing, and

Waive the full reading and adopt by title only, “A Resolution of the City Council of the City of Beaumont Amending the Transportation Uniform Mitigation Fee (TUMF) Ordinance of 2017 (TUMF) Under Beaumont Municipal Code Section 3.39.040.A and 3.39.040.C Applicable to All Developments in the City of Beaumont.”

## **ACTION ITEMS**

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

### **5. Approval of Acquisition Agreement in connection with Community Facilities District No. 93-1 (the “District”) Improvement Area No. 8F**

#### **Recommended Action:**

Waive the full reading and adopt by title only, “A Resolution of the City Council of the City of Beaumont, Authorizing the Execution and Delivery of an Acquisition Agreement Relating to Improvement Area No. 8F of Community Facilities District No. 93-1 of the City of Beaumont and Approving Certain Documents and Taking Certain Other Actions in Connection Therewith.”

### **6. Approval of Resolution authorizing the issuance of 2020 Special Tax Bonds in Conjunction with Community Facilities District 93-1 Improvement Area 8F**

#### **Recommended Action:**

Waive the full reading and adopt by title only, “A Resolution of the City Council of the City of Beaumont, Acting as the Legislative Body of the City of Beaumont Community Facilities District No. 93-1, Authorizing the Issuance of Its (Improvement Area No. 8F) 2020 Special Tax Bonds in an Aggregate Principal Amount Not to Exceed \$15,000,000 and Approving Certain Documents and Taking Certain Other Actions in Connection Therewith.”

### **7. Phase I Findings of the Comprehensive Operations Analysis**

#### **Recommended Action:**

Receive and file.

### **8. Award a Professional Services Agreement to Cozad & Fox, Inc., for the Feasibility and Design of the Second Street Extension Project in an Amount Not to Exceed \$199,915**

#### **Recommended Action:**

Award a Professional Services Agreement to Cozad & Fox, Inc., for the feasibility and design of the Second Street Extension Project in an amount not to exceed \$199,915.

**9. City Council Annual Review of Contracts**

**Recommended Action:**

Review and advise of any direction for staff.

**10. City Attorney Invoices for the Month of April 2020**

**Recommended Action:**

Approve invoices in the amount of \$95,367.15.

**LEGISLATIVE UPDATES AND DISCUSSION**

**11. Townsend 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**

**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, June 2 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.

# CITY COUNCIL CLOSED & REGULAR SESSION

550 E. 6th Street, Beaumont, CA

Tuesday, May 05, 2020 - 6:00 PM

## MINUTES

### REGULAR SESSION

6:00 PM

### **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 5:03 p.m.**

**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 Legal Council Regarding Existing Litigation Pursuant to Government Code Section 54956.9(d)(1): City of Beaumont v McFarlin & Anderson RIC 1813359**

**No reportable action.**

Adjourn to Regular Session

**REGULAR SESSION - 6:00 PM**

**CALL TO ORDER at 6:03 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**

**1. Proclamation - Frontline Workers of the COVID-19 Pandemic**

**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.*

**No speakers**

**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. Ratification of Warrants**

**Recommended Action:**

Ratify warrants dated February 27, 2020.

**3. Approval of Minutes**

**Recommended Action:**

Approval of Minutes dated April 21, 2020.

**4. Declaration of Surplus Property and Request for Disposal of Two Transit Vehicles, One Television, Two Trailers, and One Asphalt Tank**

**Recommended Action:**

Approve disposal of identified City surplus property.

**Motion by Mayor Pro Tem Lara  
Second by Council Member Carroll**

To approve the Consent Calendar.

**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.*

- 5. Approve a Non-Exclusive Lease Agreement with the Boys & Girls Clubs of the San Gorgonio Pass to Lease the Albert A. Chatigny, Sr. Community Recreation Center Located at 1310 East Oak Valley Parkway

**Public Comment opened**

*A. Herr - Submitted a written comment regarding details of the daycare operations of the Boys and Girls Club at the CRC.*

**Public Comment closed**

**Motion by Mayor Pro Tem Lara  
Second by Council Member Carroll**

To approve the non-exclusive lease agreement with the Boys & Girls Clubs of the San Gorgonio Pass 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.**

- 6. Receive an Update Regarding the Existing COVID-19 Pandemic and Provide Direction to City Staff

**Council received the report given and had a consensus to comprise a letter to send to the County of Riverside Board of Supervisors.**

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

**Motion by Mayor Pro Tem Lara  
Second by Mayor Santos**



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 the 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.**

- 8. Presentation by City Attorney’s Office Regarding the Establishment of Voter Districts and Provide Direction to City Staff

**Public Comment:**

*E. Morgan - Written comment, poised the question of having a result of a non diverse council with the implementation of districting and its effects.*

**Consensus to move forward with a resolution of intent to move to districting.**

- 9. FY 2020-21 Budget Discussion

**Council received the report and concurred with the draft budget review.**

- 10. Review Draft Capital Improvement Plan (CIP) for FY 2021-2025 and Prior Year Project List

**Council received the draft CIP and concurred with the allocations.**

**LEGISLATIVE UPDATES AND DISCUSSION**

- 11. Townsend Legislative Update

**COUNCIL REPORTS**

- Carroll – Reported out from RTA Meetings.
- Lara – Reported out from a WRCOG meeting. Spoke regarding the COVID-19 testing site at Noble Creek.
- Martinez – No report
- Santos – Participated in various teleconferences and phone calls with members of the community.
- White – No report

**ECONOMIC DEVELOPMENT UPDATE**

Economic Development Committee Report Out and City Council Direction

**No report.**

**CITY TREASURER REPORT**

Upcoming meeting will be May 11, 2020 and gave an update to the audit services RFP.

**CITY CLERK REPORT**

No report.

**CITY ATTORNEY REPORT**

No report.

**CITY MANAGER REPORT**

No report.

**FUTURE AGENDA ITEMS**

**ADJOURNMENT at 10:32 p.m.**

The next regular meeting of the Beaumont City Council, Beaumont Financing Authority, the Beaumont Successor Agency (formerly RDA), the Beaumont Utility Authority, the Beaumont Parking Authority and the Beaumont Public Improvement Agency is scheduled for Tuesday, May 19 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.



### Staff Report

**TO:** Mayor, and City Council Members

**FROM:** Elizabeth Gibbs, Community Services Director

**DATE** May 19, 2020

**SUBJECT:** **Approve a Park Dedication Agreement between the City of Beaumont and SDC Fairway Canyon, LLC for Trevino Park, Palmer Park, and Nicklaus Park (APNs 413-790-047, 413-790-037, 413-290-026, 413-460-051, and 413-790-030)**

**Background and Analysis:**

The City of Beaumont previously approved certificates of acceptance for three parks located in Fairway Canyon including Trevino Park, Palmer Park, and most recently Nicklaus Park. The final process in acceptance and ownership of the properties is to authorize a park dedication agreement and to record a grant deed with the County of Riverside.

Attached is a park dedication agreement drafted by the City Attorney’s office outlining the terms and conditions for each party. Once approved and the grant deeds recorded with the County of Riverside, the City of Beaumont will be the legal owner of each of these three parcels.

**Fiscal Impact:**

Funding to maintain these parks is included in the current budget. Under Government Code 27383, the City of Beaumont is exempt from paying recordation fees to record the grant deeds.

**Recommended Action:**

Approve a Park Dedication Agreement between the City of Beaumont and SDC Fairway Canyon, LLC for Trevino Park, Palmer Park, and Nicklaus Park (APNs 413-790-047, 413-790-037, 413-290-026, 413-460-051, and 413-790-030) and authorize the Mayor to execute the agreement on behalf of the City of Beaumont.

**Attachments:**

- A. Park Dedication Agreement

## PARK DEDICATION AGREEMENT

Item No.2.

This Park Dedication Agreement ("Agreement") is made as of May \_\_, 2020, by and between the City of Beaumont, a municipal corporation organized and existing under the laws and constitution of the State of California (the "City"), and SDC FAIRWAY CANYON, LLC ("Developer"). The City and Developer are each sometimes referred to in this Agreement individually as a "Party," and collectively as the "Parties." The City and Developer are entering into this Agreement with reference to the following facts:

### RECITALS

A. Developer is the developer of certain real property located in the City which included three parcels as more particularly described in the Grant Deeds attached hereto as **Exhibit "A"** attached hereto and incorporated herein which has been improved as Trevino Park, Palmer Park and Nicklaus Park (the "**Property(ies)**" or the "Park(s)").

B. Each of the Properties is in good operating condition and repair.

C. Tract Map 31865 requires Developer to offer for dedication the Property and City is willing to accept the dedication of the Property subject to the terms of this Agreement.

### AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth below, the Parties hereto agree as follows:

1. Recitals. The above recitals are true and correct and are incorporated herein and become a part of this Agreement.

2.1 Obligations of Developer. Developer has designed, obtained all permits for, contracted for the construction of, constructed and paid all costs associated with the acquisition and improvement of the Parks in accordance with applicable law including the prevailing wage laws in the Labor Code. All of the improvements to the Properties were completed in a good and workman like manner and condition.

2.2 There are no, and there shall be no, mechanic's liens or monetary encumbrances recorded against the Property. Developer will convey title to the Property to the City by executing the Grant Deeds attached hereto as Exhibit "A" and deliver Policies of Title Insurance applicable to each Property for the estimated fair market value of the Property as determined by City showing no monetary encumbrances of any kind in such form and content as required by the City. Developer shall pay all property taxes, assessments, fees and monetary encumbrances through the Acceptance Date.

2.3 The following changes shall be made to the following Preliminary Reports:

TREVINO PARK: PRELIMINARY REPORT DATED NOVEMBER 1, 2019 (989-30038486) – DELETE EXCEPTION #16 (DEED OF TRUST \$24,000,000.00) FROM SCHEDULE B

PALMER PARK: PRELIMINARY REPORT DATED MARCH 5, 2020 (989-30044501) – DELETE EXCEPTION #15 (DEED OF TRUST \$24,000,000.00) FROM SCHEDULE B

NICKLAUS PARK: PRELIMINARY REPORT DATED NOVEMBER 8, 2019 (989-30038487) – DELETE EXCEPTION #18 (DEED OF TRUST \$24,000,000.00) FROM SCHEDULE B

3. City Obligations. Upon receipt of the duly recorded Grant Deeds for the Property in form and substance satisfactory to City and the Policies of Title Insurance as required by Section 2, and compliance with all terms of this Agreement City shall record a Certificate of Acceptance for each of the Properties in the form attached hereto as **Exhibit “A”**. The date of recordation of said Certificate of Acceptance shall be the “Acceptance Date”.

4. Maintenance and Warranties. The Developer shall maintain or cause to be maintained the Properties in good and safe condition until the Acceptance Date for the Property in question. Prior to the Acceptance Date, the Developer shall be responsible for performing any required maintenance. On or before the Acceptance Date the Developer shall assign to the City all of the Developer’s rights in any warranties, guarantees, maintenance obligations or other evidence of contingent obligations of third persons with respect to such Property. For each Property to be owned by the City, the Developer shall provide a warranty bond reasonably acceptable in form and substance to the Director to remain in effect for a period of one year from the date of acceptance of each Property. The City shall be responsible for maintenance of each Property from and after the Acceptance Date thereof, except that with respect to landscaping improvements, the Developer shall maintain or cause to be maintained such landscape improvements for a period of one year following the Acceptance Date thereof or shall provide a bond reasonably acceptable in form and substance to the Director for such period and for such purpose (for landscaping improvements only, and for the posting of a warranty bond to remain in effect for one year as to other improvements), to insure that defects, which appear within said period will be repaired, replaced, or corrected by the Developer, at its own cost and expense, to the satisfaction of the City. The Developer shall commence to repair, replace or correct any such defects within thirty (30) days after written notice thereof by the City to the Developer, and shall complete such repairs, replacement or correction as soon as practicable. Any warranties, guarantees or other evidences of contingent obligations of third persons with respect to the Properties to be acquired by the City shall be delivered to the Director as part of the transfer of title.

5.1 Insurance Requirements. The Developer shall, at all times prior to the final Acceptance Date of all Properties, maintain and deliver to the City evidence of and keep in full force and effect, not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policies satisfactory to the Director: (i) Workers Compensation and Employer’s Liability - Workers’ Compensation - coverage as required by law; Employer’s Liability - limits of at least \$1,000,000.00 per occurrence; (ii) Comprehensive General Liability - Combined Single Limit - \$2,000,000.00; (iii) Automobile Liability - Combined Single Limit - \$1,000,000.00; and (iv) Errors and Omissions Insurance - Combined Single Limit - \$2,000,000.00.

All of the Developer’s insurance policies shall contain an endorsement providing that written notice shall be given to the City at least 30 calendar days prior to termination or cancellation of coverage of the policy.

The Comprehensive General Liability and Bodily Injury and Property Damage Liability policies shall contain the following:

(a) An endorsement extending coverage to the City and its agents as an additional insured, as respects liabilities arising out of the performance of any work related to the Properties. Which insurance shall be primary insurance as respects the interest of the City, and any other insurance maintained by the City shall be excess and not contributing insurance with the insurance required hereunder.

(b) Severability of interest clause.

(c) Provision or endorsement stating that such insurance, subject to all of its other terms and conditions, applies to contractual liability assumed by the Developer.

(d) Written on a claims made basis.

Promptly on execution of this Agreement by the Developer, the Developer shall deliver to the Director copies of all required certificates of insurance and endorsements thereto on forms which are acceptable to the Director and the City Attorney.

The Developer shall require and verify similar insurance on the part of its contractors and subcontractors.

The foregoing requirements as to the types, limits and City approval of insurance coverage to be maintained by the Developer are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by the Developer under this Agreement.

5.2 Standards Applicable. The Developer may effect such coverage under blanket insurance policies, provided, however, that (i) such policies are written on a per occurrence basis, (ii) such policies comply in all other respects with the provisions of Section 5.1, and (iii) the protection afforded the City under any such policy shall be no less than that which would be available under a separate, policy relating only to this Agreement. All policies of insurance shall be with companies licensed or approved by the State of California Insurance Commissioner and rated (i) A or better with respect to primary levels of coverage, and (ii) B+12 or better with respect to excess levels of coverage, in the most recent edition of Best's Insurance Guide and shall be issued and delivered in accordance with State law and regulations.

5.3 Evidence of Insurance. Prior to the Acceptance Date, the Developer shall furnish to the City, from time to time upon request of the City, a certificate of insurance regarding each insurance policy required to be maintained by the Developer hereunder.

6. Indemnification. Developer shall defend, indemnify, and hold harmless City, its elected officials, City Council members, employees, and agents from any and all actual or alleged claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death, whether imposed by a court of law or by administrative action of any federal, state, or local governmental agency, arising out of or incident to any acts, omissions, negligence, or willful misconduct of Developer, its employees, contractors, or agents in connection with the performance of this Agreement or arising out of or in any way related to or caused by the condition of the Property, the design and construction of the of improvements on the Property ("Claims") including, but not limited to, claims under the California Labor Code concerning prevailing wages and with respect to claims for hazardous substances on or under the Property. This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorneys' fees, and related costs or expenses, and the reimbursement of City its elected officials, City Council members, employees, and/or agents for all legal expenses and costs incurred by each of them. This indemnification excludes only such portion of any Claim which is caused solely and exclusively by the negligence or willful misconduct of City and its employees, contractors or agents as determined by a court or administrative body of competent jurisdiction. Developer's obligation to indemnify shall survive the expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by City, its elected officials, City Council members, employees, or agents.

7. General Provisions.

(a) If any dispute arises out of or concerning this Agreement, the prev Party shall be entitled to recover, in addition to any damages and/or equitable relief, its reasonable attorneys' fees in that dispute.

(b) This Agreement shall be interpreted, enforced and governed by the laws of the State of California.

(c) This Agreement shall be construed as if prepared jointly by the Parties and any uncertainty or ambiguity shall not be interpreted against any one Party.

(d) If any provision of this Agreement shall be deemed unenforceable for any reason, the remaining provisions will be given full force and effect.

(e) This Agreement may be executed in counterparts which when taken together constitute the entire agreement among the Parties hereto.

(f) The person(s) signing this Agreement on behalf of any specified Party represents that he or she has full authority to execute this Agreement on behalf of such Party and that such Party is authorized to enter into this Agreement.

(g) This Agreement shall inure to the benefit of, and be binding upon, the heirs, successors in interest, and assignees of the respective Parties. All heirs, successors and assignees shall be bound by the rights, duties and obligations of the Parties arising under this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date and year first above written.

DEVELOPER:

SDC FAIRWAY CANYON, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Stephan Z. Elieff, Manager

CITY OF BEAUMONT

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

Its: \_\_\_\_\_



**EXHIBIT "A"**

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO AND  
MAIL TAX STATEMENTS TO:



APN 413-790-047 SPACE ABOVE THIS LINE RECORDER'S USE

*Transfer Tax Not Applicable: R&T Code 11922*

*Exempt from Recording Fees: Gov. Code 27383*

**GRANT DEED**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, \_\_\_\_\_  
("Grantor"), hereby GRANTS to the City of Beaumont, a municipal corporation ("Grantee"), the following  
described real property in the City of Beaumont, County of Riverside, State of California, together with (i) all  
rights, privileges and appurtenances belonging or appertaining thereto and (ii) all right, title and interest of  
Grantor in and to any street or alley, opened or proposed, abutting such real property:

See **Exhibit "A"** attached hereto and incorporated herein by reference

TOGETHER WITH:

1. All tenements, hereditaments and appurtances, including easements and water rights, if any, thereto  
belonging or appertaining, and any mineral rights, reversions, remainders, rents issues or profits thereof;  
and
2. All rights, title and interests of Grantor in and under all covenants, conditions, restrictions,  
reservations, easements and other matters of record.

**GRANTOR:**

SDC FAIRWAY CANYON, LLC, a Delaware  
limited liability company

By: \_\_\_\_\_  
Stephan Z. Elieff, Manager

Dated: \_\_\_\_\_, 2020

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

State of California     )  
County of Riverside    )

On \_\_\_\_\_, 2020, before me, \_\_\_\_\_, notary public, personally appeared \_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: \_\_\_\_\_ (Seal)

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF BEAUMONT IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 9 OF PARCEL MAP NO. 32776 AS PER MAP FILED IN BOOK 216 PAGES 47 THROUGH 52, IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA RECORDED IN OFFICIAL RECORDS OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF PARCEL 9 CONVEYED TO THE CITY OF BEAUMONT BY "OFFER OF DEDICATION" AND ACCEPTANCE ATTACHED THERETO WHICH RECORDED MARCH 3, 2010 AS INSTRUMENT NO. 2010-0096853 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID PARCEL 9, SAID POINT BEING ON THE NORTHEASTERLY RIGHT OF WAY LINE OF OAK VALLEY PARKWAY AS SHOWN ON SAID MAP;  
THENCE NORTHWESTERLY ALONG SAID RIGHT OF WAY LINE, NORTH 43°13'45" WEST, A DISTANCE OF 100.01 FEET TO A LINE PARALLEL AND 100.00 FEET NORTHWESTERLY OF THE MOST SOUTHERLY LINE OF SAID PARCEL 9 OF SAID PARCEL MAP;  
THENCE LEAVING SAID RIGHT OF WAY LINE ALONG SAID PARALLEL LINE, NORTH 47°27'43" EAST, A DISTANCE OF 100.01 FEET TO A LINE PARALLEL AND 100.00 FEET NORTHEASTERLY OF SAID RIGHT OF WAY LINE OF SAID OAK VALLEY PARKWAY;  
THENCE SOUTHEASTERLY ALONG SAID PARALLEL LINE, SOUTH 43°13'45" EAST, A DISTANCE OF 100.01 FEET TO A POINT ON SAID MOST SOUTHERLY LINE OF SAID PARCEL 9;  
THENCE SOUTHWESTERLY ALONG SAID SOUTHERLY LINE, SOUTH 47°27'43" WEST, A DISTANCE OF 100.01 FEET TO A POINT ON THE NORTHEASTERLY RIGHT OF WAY LINE OF SAID OAK VALLEY PARKWAY SAID POINT ALSO BEING THE POINT OF BEGINNING, BEING ALSO SHOWN AS "PARCEL A" ON A PLAT ATTACHED THERETO AND MADE A PART THEREOF.

ALSO EXCEPT THEREFROM THAT PORTION OF PARCEL 9 CONVEYED TO THE CITY OF BEAUMONT BY "GRANT DEED" AND ACCEPTANCE ATTACHED THERETO WHICH RECORDED FEBRUARY 24, 2016 AS INSTRUMENT NO. 2016-0070806 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF OAK VALLEY PARKWAY (70.00 FEET WIDE) AND PALMER AVENUE (80.00 FEET WIDE) AS SHOWN ON PARCEL MAP NO. 32776 PER BOOK 216, PAGES 47 THROUGH 52, INCLUSIVE OF PARCEL MAPS ON FILE AT THE RIVERSIDE COUNTY, CALIFORNIA, RECORDER'S OFFICE;

THENCE ALONG THE CENTERLINE OF SAID PALMER AVENUE THE FOLLOWING THREE (3) COURSES:

- (1) NORTH 46°46'15" EAST, 460.41 FEET TO THE BEGINNING OF A 608.00 FOOT RADIUS TANGENT CURVE, CONCAVE SOUTHEASTERLY;
  - (2) THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 39°47'07", HAVING AN ARC LENGTH OF 422.19 FEET;
  - (3) NORTH 86°33'22" EAST, 319.76 FEET;
- THENCE DEPARTING THE CENTERLINE OF SAID PALMER AVENUE, SOUTH 03°26'38" EAST, 48.00 FEET TO A POINT LYING ON THE SOUTHERLY RIGHT-OF-WAY LINE OF PALMER AVENUE AND THE POINT OF BEGINNING;  
THENCE ALONG THE SOUTHERLY RIGHT-OF-WAY LINE OF SAID PALMER AVENUE THE FOLLOWING TWO (2) COURSES:

- (1) NORTH 86°33'22" EAST, 62.91 FEET TO THE BEGINNING OF A 948.00 FOOT RADIUS TANGENT CURVE, CONCAVE NORTHWESTERLY;
- (2) THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 03°23'14", HAVING AN ARC LENGTH OF 56.04 FEET;  
THENCE DEPARTING THE SOUTHERLY RIGHT-OF-WAY LINE OF SAID PALMER AVENUE, SOUTH 00°00'00" EAST, 290.42 FEET;  
THENCE NORTH 90°00'00" WEST, 118.61 FEET;

THENCE NORTH 00°00'00" EAST, 281.63 FEET TO A POINT LYING ON THE SAID SOUTHERLY RIGHT-OF-LINE OF PALMER AVENUE AND THE POINT OF BEGINNING, BEING ALSO SHOWN ON A MAP ATTACHED THERETO AND MADE A PART THEREOF.

ALSO EXCEPT THEREFROM ANY AND ALL NATURAL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN AND ALL RIGHTS THEREIN, GEOTHERMAL STEAM, AND ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING, THAT MAY BE WITHIN OR UNDER THE LAND, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFOR AND STORING IN AND REMOVING THE SAME FROM THE LAND OR ANY OTHER PROPERTY, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM PROPERTY OTHER THAN THE LAND, OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS, TUNNELS OR SHAFTS, WITHOUT THE RIGHT TO DRILL, MINE, STORE OR EXCAVATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OR THE LAND AS RESERVED BY OAK VALLEY PARTNERS, L.P., A TEXAS LIMITED PARTNERSHIP, IN GRANT DEED RECORDED OCTOBER 19, 2005 AS INSTRUMENT NO. [2005-0862966 OF OFFICIAL RECORDS](#).

ALSO EXCEPT THEREFROM ANY AND ALL WATER, WATER RIGHTS OR INTERESTS THEREIN APPURTENANT OR RELATING TO THE LAND OR OWNED OR USED BY GRANTOR IN CONNECTION WITH OR WITH RESPECT TO THE LAND (NO MATTER HOW ACQUIRED BY GRANTOR), WHETHER SUCH WATER RIGHTS SHALL BE RIPARIAN, OVERLYING, APPROPRIATIVE, LITTORAL, PERCOLATING, PRESCRIPTIVE, ADJUDICATED, STATUTORY OR CONTRACTUAL, TOGETHER WITH THE RIGHT AND POWER TO EXPLORE, DRILL, REMOVE AND RESTORE THE SAME FROM OR IN THE LAND OR TO DIVERT OR OTHERWISE UTILIZE SUCH WATER, RIGHTS OR INTERESTS ON ANY OTHER PROPERTY OWNED BY OR LEASED BY GRANTOR, WITHOUT THE RIGHT TO ENTER UPON THE SURFACE OF THE LAND IN THE EXERCISE OF SUCH RIGHTS; PROVIDED, HOWEVER, ONLY IF AND TO THE EXTENT THAT SUCH RIGHTS ARE NOT USED BY GRANTEE IN ITS USE AND ENJOYMENT OF THE LAND AS RESERVED BY OAK VALLEY PARTNERS, L.P., A TEXAS LIMITED PARTNERSHIP, IN GRANT DEED RECORDED OCTOBER 19, 2005 AS INSTRUMENT NO. [2005-0862966 OF OFFICIAL RECORDS](#).

ASSESSORS PARCEL NUMBER: 413-790-047

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO AND  
MAIL TAX STATEMENTS TO:

APN 413-790-037 SPACE ABOVE THIS LINE RECORDER'S USE

*Transfer Tax Not Applicable: R&T Code 11922*

*Exempt from Recording Fees: Gov. Code 27383*

**GRANT DEED**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, \_\_\_\_\_ (“Grantor”), hereby GRANTS to the City of Beaumont, a municipal corporation (“Grantee”), the following described real property in the City of Beaumont, County of Riverside, State of California, together with (i) all rights, privileges and appurtenances belonging or appertaining thereto and (ii) all right, title and interest of Grantor in and to any street or alley, opened or proposed, abutting such real property:

See **Exhibit “A”** attached hereto and incorporated herein by reference

TOGETHER WITH:

1. All tenements, hereditaments and appurtenances, including easements and water rights, if any, thereto belonging or appertaining, and any mineral rights, reversions, remainders, rents issues or profits thereof; and
2. All rights, title and interests of Grantor in and under all covenants, conditions, restrictions, reservations, easements and other matters of record.

Dated: \_\_\_\_\_, 2020

**GRANTOR:**  
SDC FAIRWAY CANYON, LLC, a Delaware  
limited liability company

By: \_\_\_\_\_  
Stephan Z. Elieff, Manager

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

State of California )  
County of Riverside )

On \_\_\_\_\_, 2020, before me, \_\_\_\_\_, notary public, personally appeared \_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: \_\_\_\_\_ (Seal)

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

PARCEL 3 OF [PARCEL MAP NO. 31865](#), IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, FILED IN [BOOK 210, PAGES 20 THROUGH 27 OF PARCEL MAP](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ANY AND ALL NATURAL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN AND ALL RIGHTS THEREIN, GEOTHERMAL STEAM, AND ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING, THAT MAY BE WITHIN OR UNDER THE LAND, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFORE AND STORING IN AND REMOVING THE SAME FROM THE LAND OR ANY OTHER PROPERTY, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM PROPERTY OTHER THAN THE LAND, OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS, TUNNELS OR SHAFTS, WITHOUT THE RIGHT TO DRILL, MINE, STORE OR EXCAVATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OF THE LAND, AS RESERVED BY OAK VALLEY PARTNERS, L.P., A TEXAS LIMITED PARTNERSHIP WHICH IS REGISTERED IN CALIFORNIA AS OVP, L.P., IN A GRANT DEED RECORDED NOVEMBER 14, 2003, AS [INSTRUMENT NO. 2003-899365 OF OFFICIAL RECORDS](#).

ANY AND ALL WATER, WATER RIGHTS OR INTERESTS THEREIN APPURTENANT OR RELATING TO THE LAND OR OWNED OR USED BY GRANTOR IN CONNECTION WITH OR WITH RESPECT TO THE LAND (NO MATTER HOW ACQUIRED BY GRANTOR), WHETHER SUCH WATER RIGHTS SHALL BE RIPARIAN, OVERLYING, APPROPRIATIVE, LITTORAL, PERCOLATING, PRESCRIPTIVE, ADJUDICATED, STATUTORY OR CONTRACTUAL, TOGETHER WITH THE RIGHT AND POWER TO EXPLORE, DRILL, REDRILL, REMOVE AND STORE THE SAME FROM OR IN THE LAND OR TO DIVERT OR OTHERWISE UTILIZE SUCH WATER, RIGHTS OR INTERESTS ON ANY OTHER PROPERTY OWNED BY OR LEASED BY GRANTOR, WITHOUT THE RIGHT TO ENTER UPON THE SURFACE OF THE LAND IN THE EXERCISE OF SUCH RIGHTS; PROVIDED, HOWEVER, ONLY IF AND TO THE EXTENT THAT SUCH RIGHTS ARE NOT USED BY GRANTEE IN ITS USE AND ENJOYMENT OF THE LAND, AS RESERVED BY OAK VALLEY PARTNERS, L.P., A TEXAS LIMITED PARTNERSHIP WHICH IS REGISTERED IN CALIFORNIA AS OVP, L.P., IN THE GRANT DEED RECORDED NOVEMBER 14, 2003, AS [INSTRUMENT NO. 2003-899365 OF OFFICIAL RECORDS](#).

ASSESSORS PARCEL NUMBER: 413-790-037

WHEN RECORDED RETURN TO AND  
MAIL TAX STATEMENTS TO:

Item No.2.

APNs 413-290-026; 413-460-051; 413-790-030 SPACE ABOVE THIS LINE RECORDER'S USE  
*Transfer Tax Not Applicable: R&T Code 11922*  
*Exempt from Recording Fees: Gov. Code 27383*

**GRANT DEED**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, \_\_\_\_\_  
("Grantor"), hereby GRANTS to the City of Beaumont, a municipal corporation ("Grantee"), the following  
described real property in the City of Beaumont, County of Riverside, State of California, together with (i)  
all rights, privileges and appurtenances belonging or appertaining thereto and (ii) all right, title and interest  
of Grantor in and to any street or alley, opened or proposed, abutting such real property:

See **Exhibit "A"** attached hereto and incorporated herein by reference

TOGETHER WITH:

1. All tenements, hereditaments and appurtenances, including easements and water rights, if any, thereto  
belonging or appertaining, and any mineral rights, reversions, remainders, rents issues or profits thereof;  
and
2. All rights, title and interests of Grantor in and under all covenants, conditions, restrictions,  
reservations, easements and other matters of record.

Dated: \_\_\_\_\_, 2020

**GRANTOR:**  
SDC FAIRWAY CANYON, LLC, a Delaware  
limited liability company

By: \_\_\_\_\_  
Stephan Z. Elieff, Manager



identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

Item No.2.

State of California )  
County of Riverside )

On \_\_\_\_\_, 2020, before me, \_\_\_\_\_, notary public, personally appeared \_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: \_\_\_\_\_ (Seal)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF BEAUMONT IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PARCELS 3 AND 9 OF PARCEL MAP NO. 31865, IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, FILED IN BOOK 210, PAGES 20 THROUGH 27 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ANY AND ALL NATURAL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN AND ALL RIGHTS THEREIN, GEOTHERMAL STEAM, AND ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING, THAT MAY BE WITHIN OR UNDER THE LAND, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFORE AND STORING IN AND REMOVING THE SAME FROM THE LAND OR ANY OTHER PROPERTY, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM PROPERTY OTHER THAN THE LAND, OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS, TUNNELS OR SHAFTS, WITHOUT THE RIGHT TO DRILL, MINE, STORE OR EXCAVATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OF THE LAND, AS RESERVED BY OAK VALLEY PARTNERS, L.P., A TEXAS LIMITED PARTNERSHIP WHICH IS REGISTERED IN CALIFORNIA AS OVP, L.P., IN A GRANT DEED RECORDED NOVEMBER 14, 2003, AS INSTRUMENT NO. 2003-899365 OF OFFICIAL RECORDS.

ANY AND ALL WATER, WATER RIGHTS OR INTERESTS THEREIN APPURTENANT OR RELATING TO THE LAND OR OWNED OR USED BY GRANTOR IN CONNECTION WITH OR WITH RESPECT TO THE LAND (NO MATTER HOW ACQUIRED BY GRANTOR), WHETHER SUCH WATER RIGHTS SHALL BE RIPARIAN, OVERLYING, APPROPRIATIVE, LITTORAL, PERCOLATING, PRESCRIPTIVE, ADJUDICATED, STATUTORY OR CONTRACTUAL, TOGETHER WITH THE RIGHT AND POWER TO EXPLORE, DRILL, REDRILL, REMOVE AND STORE THE SAME FROM OR IN THE LAND OR TO DIVERT OR OTHERWISE UTILIZE SUCH WATER, RIGHTS OR INTERESTS ON ANY OTHER PROPERTY OWNED BY OR LEASED BY GRANTOR, WITHOUT THE RIGHT TO ENTER UPON THE SURFACE OF THE LAND IN THE EXERCISE OF SUCH RIGHTS; PROVIDED, HOWEVER, ONLY IF AND TO THE EXTENT THAT SUCH RIGHTS ARE NOT USED BY GRANTEE IN ITS USE AND ENJOYMENT OF THE LAND, AS RESERVED BY OAK VALLEY PARTNERS, L.P., A TEXAS LIMITED PARTNERSHIP WHICH IS REGISTERED IN CALIFORNIA AS OVP, L.P., IN THE GRANT DEED RECORDED NOVEMBER 14, 2003, AS INSTRUMENT NO. 2003-899365 OF OFFICIAL RECORDS.

PARCEL B:

NON-EXCLUSIVE EASEMENTS AS DELINEATED IN THAT CERTAIN DOCUMENT ENTITLED "EASEMENT AGREEMENT FOR STREET CONSTRUCTION, GRADING, FUEL MODIFICATION AND ACCESS, INGRESS AND EGRESS" RECORDED NOVEMBER 14, 2003, AS INSTRUMENT NO. 2003-899368 OF OFFICIAL RECORDS.

PARCEL C:

NON-EXCLUSIVE EASEMENTS AS DELINEATED IN THAT CERTAIN DOCUMENT ENTITLED "EASEMENT AGREEMENT" RECORDED NOVEMBER 14, 2003, AS INSTRUMENT NO. 03-899367 OF OFFICIAL RECORDS.

PARCEL D:

NON-EXCLUSIVE EASEMENTS AS DELINEATED IN THAT CERTAIN DOCUMENT ENTITLED "ASSIGNMENT OF SCPGA EASEMENTS" RECORDED NOVEMBER 14, 2003, AS INSTRUMENT NO. 03-899370 OF OFFICIAL RECORDS.

PARCEL E:

EASEMENTS AS CONTAINED IN THAT CERTAIN DOCUMENT ENTITLED "PARTIAL ASSIGNMENT OF RIVERSIDE LAND CONSERVANCY EASEMENTS", UPON THE TERMS, COVENANTS AND CONDITIONS.

ASSESSORS PARCEL NUMBERS: 413-290-026; 413-460-051; 413-790-030



## Staff Report

**TO:** Mayor, and City Council Members  
**FROM:** Christina Taylor, Community Development Director  
**DATE** May 19, 2020  
**SUBJECT:** **General Plan Update Contract Amendment No. 4 with Raimi + Associates for an Update to the Travel Demand Model for the General Plan Update Traffic Impact Analysis to Include the Connection of Second Street to Pennsylvania Avenue**

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### Background and Analysis:

On December 6, 2016, City Council authorized an award of contract to Raimi + Associates for general plan update services in an amount of \$763,374. Since the initial contract award, there have been three contract amendments. The first amendment modified the scope of the contract, removing a task and placing that item amount into contingency, not resulting in any dollar amount change to the contract. The second amendment included a refinement of the preferred alternative and an additional City Council workshop for a cost of \$14,540. The third amendment included updates to the land use map, growth projections for both the horizon year and at buildout along with traffic, noise and biological updates to the general plan update document and the environmental impact report (EIR). The cost for the third amendment was \$56,270.

The fourth change order is to update the travel demand model to include the extension of Second Street to Pennsylvania Avenue. This is necessary in order to include Second Street at the appropriate buildout designation in the general plan. The model was run in May 2019, after the modifications in the third amendment. Since then, the extension of Second Street through to Pennsylvania Avenue has been prioritized and should be shown as such in the General Plan Mobility Element.

A breakdown of the change orders is as follows:

<b>General Plan Update Contract Modifications</b>		
Original Contract Dec. 6, 2016		<b>\$763,374.00</b>
Amendment 1 Aug. 16, 2017	Scope amendment removing the initial study task and placing that item amount in contingency (\$10,940). No change in contract amount	No cost amendment
Amendment 2 Jan. 2, 2018	Refine preferred alternative and add a Council workshop	\$14,540.00
Amendment 3 Apr. 2, 2019	Update the travel demand model for the General Plan Update Traffic Impact Analysis to include the connection to Second Street to Pennsylvania Avenue	\$5,945.00
Revised Contract Amount		<b>\$840,129.00</b>

It is anticipated that running the additional modeling and preparing the findings will take approximately two to three weeks from contract approval depending on the extent of the findings. The remainder of the general plan update tasks are anticipated to be complete and the public review process to begin by mid-July. A timeline to the completion of the general plan update is included as an attachment.

**Fiscal Impact:**

The total fiscal impact is \$840,129. Approximately 79% of the total contract amount has been expended. The remaining \$185,244.69 is budgeted for Fiscal Years 2019-2020 and 2020-2021.

**Recommended Action:**

Approve Contract Amendment No. 4 to the purchase order with Raimi + Associates for the general plan update and the environmental impact report in the amount of \$5,945 for a total contract amount not to exceed \$840,129.

**Attachments:**

- A. Contract Amendment No. 4
- B. Revised General Plan Update Timeline



Terms for billing and payment of the additional contract cost: SAME AS EXISTING CONTRACT

All other terms and conditions of the existing contract dated DECEMBER 6, 2016 remain unchanged.

**CLIENT**

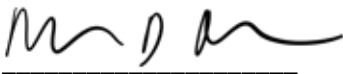
Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**CONSULTANT**

Signature:  \_\_\_\_\_

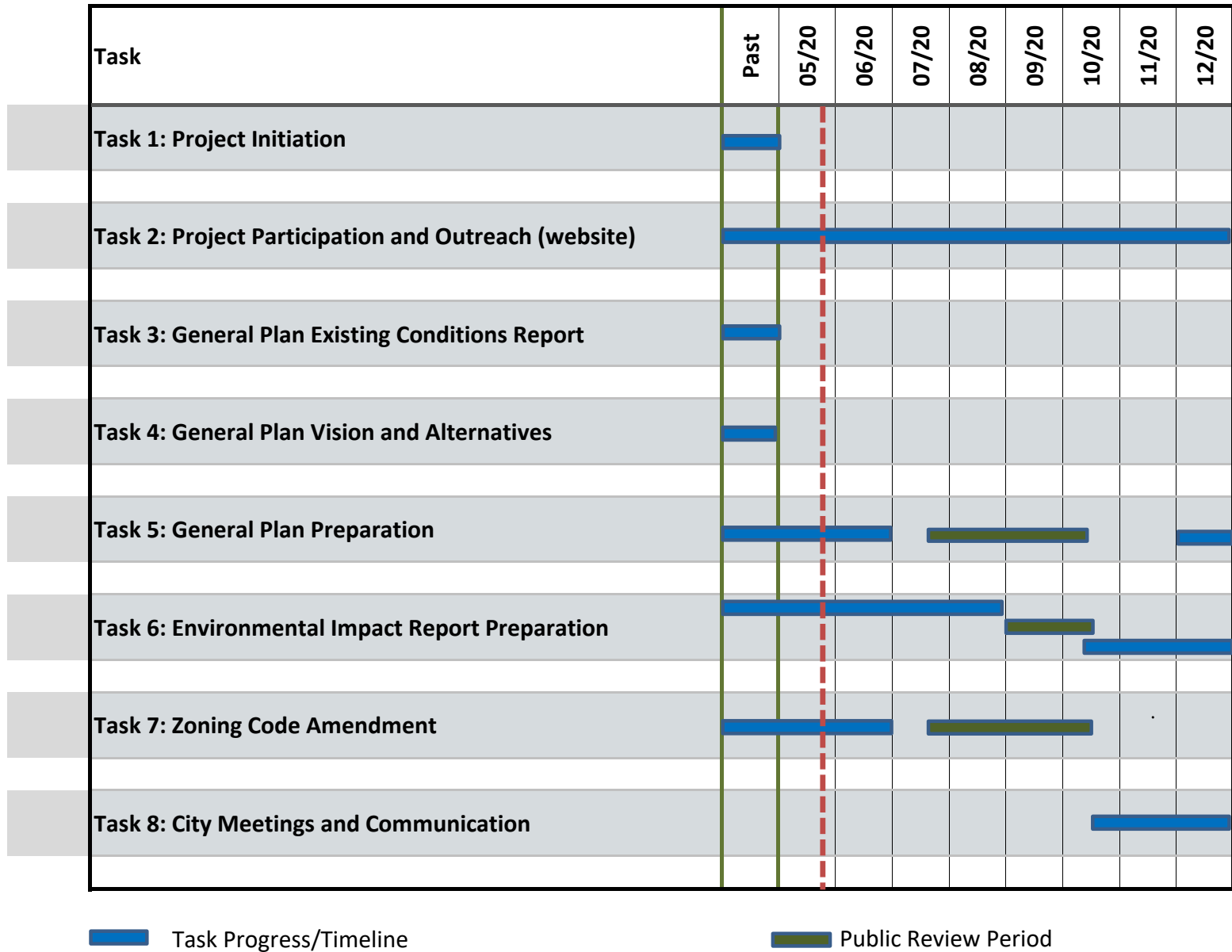
Printed Name: Matthew D. Raimi

Title: President

Date: April 29, 2020

# BEAUMONT PROJECT WORK PLAN

Item No.3.



- Task Progress/Timeline
- Public Review Period
- Approval of Additional Traffic Analysis





## Staff Report

**TO:** Mayor, and City Council Members  
**FROM:** Jeff Hart, Director of Public Works  
**DATE** May 19, 2020  
**SUBJECT: Public Hearing and Consideration of Adopting a Resolution Updating the Transportation Uniform Mitigation Fee Schedule**

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### Background and Analysis:

The City of Beaumont is a member jurisdiction of the Western Riverside Council of Governments (“WRCOG”), a joint powers agency comprised of the County of Riverside and eighteen (18) cities located in Western Riverside County. Acting in concert, between 2002-2003, WRCOG member jurisdictions developed a plan whereby the shortfall in funds needed to enlarge the capacity of the regional system of highways and arterials due to new development in Western Riverside County could be made up in part by a Transportation Uniform Mitigation Fee (“TUMF”) on future residential, commercial, and industrial development.

Pursuant to the Mitigation Fee Act (Gov. Code §§ 66000 et seq.), WRCOG prepared a new nexus study (“2016 Nexus Study”) to update the fees. On July 10, 2017, the WRCOG Executive Committee reviewed the 2016 Nexus Study and recommended TUMF participating jurisdictions update their fees by amending their applicable TUMF ordinances to reflect changes in the TUMF network and the cost of construction.

In accordance with the Mitigation Fee Act, Beaumont Municipal Code and the 2016 Nexus Study TUMF fees are to be periodically reviewed and updated in accordance with the following: (i) identify the purpose of the revised fees; (ii) identify the use to which the revised fees is to be put, including identification of any facilities to be financed; (iii) determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed; (iv) determine how there is a reasonable relationship between the need for the public facilities and the type of development project upon which the fees are imposed; and (v) determine how there is a reasonable relationship between the amount of the fees and the cost of the public facilities or portion of the public facility attributable to the development on which the fees are imposed.

On November 4, 2019, the WRCOG Executive Committee approved a construction cost index (CCI) adjustment to the TUMF schedule to help ease increased construction costs. This is intended to help mitigate the rising costs of transportation improvements experienced throughout the state, including a handful of interchange projects that are currently underway in the WRCOG subregion. Information provided by the Public Works Committee (PWC) indicates that project costs continue to escalate, forcing agencies to find additional funding for their transportation projects.

Beaumont Municipal Code Section 3.39.040 provides the legal basis for a revised TUMF schedule. The TUMF fee schedule will be established through a resolution (see attached). The resolution will establish the fee schedule for TUMF as follows:

A. There is hereby adopted the following TUMF schedule:

- (1) \$9,146.00 per single family residential unit,
- (2) \$6,134.00 per multi-family residential unit,
- (3) \$1.77 per square foot of an industrial project,
- (4) \$7.50 per square foot of a retail commercial project,
- (5) \$4.56 per square foot of a service commercial project, and
- (6) \$2.19 per square foot of a service Class A and B Office.

B. For single-family residential, multi-family residential and retail non-residential projects, the fees set shall be phased in as follows:

From July 1, 2020 to December 31st, 2020, the fee schedule shall be as follows:

- (1) \$9,478.00 per single family residential unit,
- (2) \$6,389.00 per multi-family residential unit,
- (3) \$1.81 per square foot of an industrial project,
- (4) \$7.50 per square foot of a retail commercial project,
- (5) \$4.75 per square foot of a service commercial project, and
- (6) \$2.38 per square foot of a service Class A and B Office.

From January 1, 2021 to June 30, 2021, the fee schedule shall be as follows:

- (1) \$9,810.00 per single family residential unit,
- (2) \$6,389.00 per multi-family residential unit,
- (3) \$1.81 per square foot of an industrial project,
- (4) \$7.50 per square foot of a retail commercial project,

- (5) \$4.75 per square foot of a service commercial project, and
- (6) \$2.38 per square foot of a service Class A and B Office.

**Fiscal Impact:**

The cost to prepare this staff report is estimated to be \$350.

**Recommended Action:**

Hold a Public Hearing, and  
Waive the full reading and adopt by title only, “A Resolution of the City Council of the City of Beaumont Amending the Transportation Uniform Mitigation Fee (TUMF) Ordinance of 2017 (TUMF) Under Beaumont Municipal Code Section 3.39.040.A and 3.39.040.C Applicable to All Developments in the City of Beaumont.”

**Attachments:**

- A. Proposed Resolution

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BEAUMONT AMENDING THE TRANSPORTATION UNIFORM MITIGATION FEE (TUMF) ORDINANCE OF 2017 (TUMF) UNDER BEAUMONT MUNICIPAL CODE SECTION 3.39.040.A and 3.39.040.C APPLICABLE TO ALL DEVELOPMENTS IN THE CITY OF BEAUMONT**

WHEREAS, the CITY OF BEAUMONT (“City”) is a member agency of the Western Riverside Council of Governments (“WRCOG”), a joint powers agency comprised of the County of Riverside and eighteen cities located in Western Riverside County; and

WHEREAS, the member agencies of WRCOG recognized that there was insufficient funding to address the impacts of new development on the regional system of highways and arterials in Western Riverside County (the “Regional System”); and

WHEREAS, in order to address this shortfall, the member agencies formulated a plan whereby a transportation mitigation fee would be assessed on new development and would be used to fund the necessary improvements for the Regional System; and

WHEREAS, WRCOG, with the assistance of TUMF Program participating jurisdictions, has prepared an updated Nexus Study entitled “Transportation Uniform Mitigation Fee Nexus Study: 2016 Update” (“2016 Nexus Study”) pursuant to California Government Code sections 66000 et seq. (the Mitigation Fee Act), for the purpose of updating the fees. On July 10, 2017, the WRCOG Executive Committee reviewed the 2016 Nexus Study and TUMF Program and recommended TUMF participating jurisdictions amend their applicable TUMF ordinances to reflect changes in the TUMF network and the cost of construction in order to update the TUMF Program; and

WHEREAS, consistent with its previous findings made in the adoption of Ordinance No. 1091 codified as Chapter 3.39 of the Beaumont Municipal Code (“TUMF Ordinance”), the City Council has been informed and advised, and hereby finds, that if the capacity of the Regional System is not enlarged and unless development contributes to the cost of improving the Regional System, the result will be substantial traffic congestion in all parts of Western Riverside County, with unacceptable Levels of Service. Furthermore, the failure to mitigate growing traffic impacts on the Regional System will substantially impair the ability of public safety services (police and fire) to respond and, thus, adversely affect the public health, safety and welfare. Therefore, continuation of a TUMF Program is essential; and

WHEREAS, the City Council finds and determines that there is a reasonable and rational relationship between the use of the TUMF and the type of development projects on which the fees are imposed because the fees will be used to construct the transportation improvements that are necessary for the safety, health, and welfare of the residential and non-residential users of the development in which the TUMF will be levied; and

WHEREAS, the City Council finds and determines that there is a reasonable and rational relationship between the need for the improvements to the Regional System and the type of development projects on which the TUMF is imposed because it will be necessary for the residential and non-residential users of such projects to have access to the Regional system. Such development will benefit from the Regional System improvements and the burden of such developments will be mitigated in part by payment of the TUMF; and

WHEREAS, the City Council finds and determines that the cost estimates set forth in the new 2016 Nexus Study are reasonable cost estimates for constructing the Regional System improvements and the facilities that compromise the Regional System, and that the amount of the TUMF expected to be generated by new development will not exceed the total fair share cost to such development; and

WHEREAS, the fees collected pursuant to the TUMF Ordinance shall be used to help pay for the design, planning, construction of and real property acquisition for the Regional System improvements and its facilities as identified in the 2016 Nexus Study. The need for the improvements and facilities is related to new development because such development results in additional traffic and creates the demand for the improvements;

WHEREAS, by notice duly given and published, the City Council set the time and place for a public hearing on the 2016 Nexus Study and the fees proposed thereunder and at least ten (10) days prior to this hearing, the City Council made the 2016 Nexus Study available to the public; and

WHEREAS, at the time and place set for the hearing, the City Council duly considered data and information provided by the public relative to the cost of the improvements and facilities for which the fees are proposed and all other comments, whether written or oral, submitted prior to the conclusion of the hearing; and

WHEREAS, 3.39.040.A and 3.39.040.C of the TUMF Ordinance authorizes periodic review and adjustment to the applicable TUMF in accordance with any adjustments made by the WRCOG Executive Committee; and

WHEREAS, the fees collected pursuant to this Resolution shall be used to finance the public facilities described or identified in the Nexus Study; and

WHEREAS, the levying of TUMF has been reviewed by the City Council and staff in accordance with the California Environmental Quality Act ("CEQA") and the CEQA Guidelines and it has been determined that the adoption of this ordinance is exempt from CEQA pursuant to Section 15061(b)(3) of the CEQA Guidelines.

NOW, THEREFORE, the City Council of [INSERT CITY NAME] does resolve as follows:

SECTION 1. Findings. The recitals set forth above are hereby adopted as findings in support of this Resolution. In addition, the City Council re-adopts the findings contained in Section 3.39.020 of the Beaumont Municipal Code in support of the adjusted TUMF contained herein.

SECTION 2. TUMF Schedule. In accordance with Section 3.39.040.C of the TUMF Ordinance, there is hereby adopted the following fee schedule for the TUMF which replaces the fee schedule set forth in Sections 2 and 3 of Resolution No. 2017-35 in its entirety as of July 1, 2020:

- A. There is hereby adopted the following TUMF schedule:
  - (1) \$9,146.00 per single-family residential unit
  - (2) \$6,134.00 per multi-family residential unit
  - (3) \$1.77 per square foot of an industrial project

- (4) \$7.50 per square foot of a retail commercial project
- (5) \$4.56 per square foot of a service commercial project
- (6) \$2.19 per square foot of a service Class A and B Office

B. For single-family residential, multi-family residential, and retail non-residential projects, the fees set forth in Section 2.A. shall be phased in as follows:

From July 1, 2020, to December 31, 2020, the fee schedule shall be as follows:

- (1) \$9,478.00 per single family residential unit
- (2) \$6,389.00 per multi-family residential unit
- (3) \$1.81 per square foot of an industrial project
- (4) \$7.50 per square foot of a retail commercial project
- (5) \$4.75 per square foot of a service commercial project
- (6) \$2.38 per square foot of a service Class A and B Office

From January 1, 2021, to June 30, 2021, the fee schedule shall be as follows:

- (1) \$9,810.00 per single family residential unit
- (2) \$6,389.00 per multi-family residential unit
- (3) \$1.81 per square foot of an industrial project
- (4) \$7.50 per square foot of a retail commercial project
- (5) \$4.75 per square foot of a service commercial project
- (6) \$2.38 per square foot of a service Class A and B Office

SECTION 3. CEQA Findings. The City Council hereby finds that in accordance with the California Environmental Quality Act ("CEQA") and the CEQA Guidelines the adoption of this Resolution is exempt from CEQA pursuant to Section 15061(b)(3).

SECTION 4. Effective Date. This Resolution shall become on July \_\_\_\_, 2020 in accordance with Government Code Section 66017.

ADOPTED this \_\_\_\_ day of \_\_\_\_\_ 2020.

By: \_\_\_\_\_  
Mayor, City of [INSERT CITY NAME]

ATTEST:

[NAME OF CITY CLERK]  
CITY CLERK

By: \_\_\_\_\_



**Staff Report**

**TO:** Mayor, and City Council Members  
**FROM:** Jeff Mohlenkamp, Finance Director  
**DATE:** May 19, 2020  
**SUBJECT:** Approval of Acquisition Agreement in connection with Community Facilities District No. 93-1 (the “District”) Improvement Area No. 8F

**Background and Analysis:**

The City formed the Community Facilities District No. 93-1 (District) on June 29, 1993. Subsequent to a noticed public hearing on May 19, 2015, the City Council adopted resolutions which established Improvement Area No. 8F, authorized the levy of a special tax within the improvement area, determined the necessity to incur bonded indebtedness, called an election on the proposition of incurring bonded indebtedness, levying a special tax and set an appropriations limit. A landowner election was then conducted to approve a rate and method of apportionment of special tax for Improvement Area No. 8F.

On February 7, 2017, the City, the District and Pardee Homes (“Pardee”), the developer of the land within Improvement Area No. 8F, entered into a settlement agreement, pursuant to which, among other things, the parties agreed that the facilities special tax levied and collected within Improvement Area No. 8F (the “Special Tax”) will be used to finance certain capital improvements (“Capital Improvements”) to benefit the District. In furtherance of sections 4 and 5 of the settlement agreement, the City, the District and Pardee now desire to enter into an acquisition agreement pursuant to which Pardee will design and construct the Capital Improvements and will be reimbursed for the costs relating thereto and for certain developer impact fees advanced to the City, from the special tax proceeds and bonds secured thereby.

The attached resolution authorizes the City’s execution and delivery of the acquisition agreement.

**Fiscal Impact:**

No fiscal impact. The acquisition agreement merely sets forth the process by which Pardee will be reimbursed from Special Tax proceeds and bonds secured thereby.

**Recommended Action:**

Waive the full reading and adopt by title only, “A Resolution of the City Council of the City of Beaumont, Authorizing the Execution and Delivery of an Acquisition Agreement Relating to Improvement Area No. 8F of Community Facilities District No. 93-1 of the City of Beaumont and Approving Certain Documents and Taking Certain Other Actions in Connection Therewith.”

**Attachments:**

- A. Acquisition Agreement
- B. Resolution Authorizing Execution and Delivery of Acquisition Agreement



**ACQUISITION AGREEMENT**

**by and among**

**CITY OF BEAUMONT,**

**CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1  
IMPROVEMENT AREA NO. 8F**

**and**

**PARDEE HOMES**

**Dated as of May 1, 2020**

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THIS ACQUISITION AGREEMENT (the “Acquisition Agreement”), dated as of May 1, 2020, is by and among the CITY OF BEAUMONT, a general law city (the “City”), the CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1, a community facilities district created pursuant to the Act (defined herein) (the “District”), and PARDEE HOMES, a California corporation (the “Owner”).

**RECITALS**

A. **The District.** The City Council of the City has established the District and Improvement Area No. 8F (the “Improvement Area”) therein under the Act for the financing of, among other things, the acquisition, construction and installation of public facilities identified in the proceedings to form the District and the Improvement Area, which include the facilities listed in Exhibits A and C hereto (the “Facilities”), and which include the DIF Improvements (as hereinafter defined).

B. **The Development.** The land within the Improvement Area is currently expected to be developed with 294 dwelling units within Tracts 37428 and 31469-6 and a portion of Tracts 31469-3 and 31469-1 as part of a master-planned community commonly known as “Sundance.”

C. **The Facilities.** As part of the District and the Improvement Area formation proceedings, the Facilities were authorized to be acquired by the District, and the District proceedings contemplated that acquisition agreements would be entered into from time to time to describe the terms of such acquisition. The Facilities are within or serve the City, and the City and the Owner will benefit from a coordinated plan of design, engineering and construction of the Facilities and the development of the land within the Improvement Area. The facilities that are eligible for acquisition by the City from the Owner under this Acquisition Agreement are only the Facilities listed in Exhibit A hereto, as such Exhibit may be amended and/or supplemented by any Supplement approved by the City and Owner.

D. **The Settlement Agreement.** The Owner, the City, the District and certain other community facilities districts of the City entered into that certain Settlement Agreement (the “Settlement Agreement”) dated February 7, 2017, which is incorporated herein by this reference. This Acquisition Agreement is intended to, among other things, implement the terms of Sections 4 and 5 of the Settlement Agreement. Under the Settlement Agreement, the Owner and the City are to enter into this Acquisition Agreement and similar acquisition agreements with respect to the Improvement Area, the City’s Community Facilities District No. 2016-2, the City’s Community Facilities District No. 2016-3 and Improvement Areas 8E and 17D of the District (the “Other Acquisition Agreements”) in order to, among other things, provide the terms pursuant to which the Owner is to design and construct certain DIF Improvements (defined below) or advance funds to the City to design and construct other DIF Improvements. The amount of the advances and expenditures for DIF Improvements shall be reimbursed to the Owner from the proceeds of special taxes and bonds of the Improvement Area as specifically provided for in this Acquisition Agreement. Under the Settlement Agreement, the Owner has the right to receive a credit against DIFs for its design and construction of identified DIF Improvements.

E. **The Financing.** In order to facilitate development within the Improvement Area, the Owner, the District and the City wish to enter into this Acquisition Agreement to finance the acquisition of the Facilities, as defined below, and provide for the payment of the Facilities and

Discrete Components thereof as shown in Exhibits A and C hereto (as such Exhibits may be amended and supplemented by any Supplement).

G. **The Bonds.** The District may proceed with the authorization and issuance of the Bonds in one or more series under the Act and the Indenture, the proceeds of which Bonds shall be used, in part, to finance the Facilities.

H. **No Advantage to City Construction.** The City, by its approval of this Acquisition Agreement, has determined that it will obtain no advantage from undertaking the construction by the City directly of the Facilities and that the provisions of this Acquisition Agreement require that the Facilities constructed by the Owner and acquired with the funds in the Improvement Fund, as defined below, be constructed as if they had been constructed under the direction and supervision of the City. The Owner hereby represents that it has experience in the supervision of the construction of improvements of the character of the Facilities.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City, the District and the Owner agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

**ARTICLE I  
DEFINITIONS**

**Section 1.1 Definitions.** The following terms shall have the meanings ascribed to them in this Section 1.1 for purposes of this Acquisition Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

“Acceptable Title” means title to land or interest therein, in form acceptable to the Director, free and clear of all liens, taxes, assessments, leases, easements and encumbrances, whether or not recorded, but subject to any exceptions determined by the Director as not interfering with the actual or intended use of the land or interest therein. Notwithstanding the foregoing, an irrevocable offer of dedication may constitute land with an “Acceptable Title” if: (i) such offer is necessary to satisfy a condition to a tentative or final parcel map, (ii) such offer is in a form acceptable to the Director, (iii) the Director has no reason to believe that such offer of dedication will not be accepted by the applicable public agency, and (iv) the Owner commits in writing not to allow any liens to be imposed on such property prior to its acceptance.

“Acceptance Date” means the date the City Council (or other public entity which is to own a Facility) takes final action to accept dedication of or transfer of title to a Facility.

“Acquisition Agreement” means this Acquisition Agreement, together with any Supplement hereto.

“Act” means the Mello-Roos Community Facilities Act of 1982, Section 53311 et seq. of the California Government Code, as amended.

“Actual Cost” means the substantiated cost of a Facility or a Discrete Component, which costs may include: (i) the costs incurred for the construction of such Facility or Discrete Component,

(ii) the costs incurred in preparing the Plans for such Facility or Discrete Component and the related costs of environmental evaluations of the Facility or Discrete Component, (iii) the fees paid to governmental agencies or utilities for obtaining permits, licenses or other governmental approvals for such Facility or Discrete Component, (iv) professional costs incurred that are associated with such Facility or Discrete Component, such as construction management and supervision (not to exceed 15% of the costs in (i) above), engineering, legal, accounting, inspection, construction staking, materials testing and similar professional services; and (v) the actual costs directly related to the construction and/or acquisition of a Facility or Discrete Component, such as costs of payment, performance and/or maintenance bonds, and insurance costs (including costs of any title insurance required hereunder) (but excluding the cost of real property unless paid to unrelated third parties).

“Advances” means funds advanced by the Owner to the City for DIF Improvements pursuant to and as specifically identified in the DIF Improvements Schedule.

“Affiliate” means any entity with respect to which fifty percent (50%) or more of the ownership or voting power is held individually or collectively by any of the Owner and any other entity owned, controlled or under common ownership or control by or with, as applicable, the Owner, and includes all general partners of any entity which is a partnership. Control shall mean ownership of fifty percent (50%) or more of the voting power of or ownership interest in the respective entity.

“Bonds” means the bonds to be issued by the District for the Improvement Area pursuant to the Act in one or more series.

“City” means the City of Beaumont, a general law city.

“City Fees” means fees paid by the Owner to the City pursuant to the conditions of development or as development impact fees that relate to the Facilities.

“Conditions of Approval” means, with respect to any portion of the property within the Improvement Area, the conditions of approval of all land use entitlements approved by the City and the conditions of any development agreement, subdivision improvement agreement or other agreement between the Owner and the City relating to such property which conditions must be satisfied in order to develop such property.

“County” means the County of Riverside, California.

“Deposit” means the amounts paid to the City by the Owner as Fees.

“DIFs” means those development impact, connection and capacity fees of the City imposed on development within the City, as specific in Exhibit B hereto.

“DIF Improvements” means those Facilities identified in Exhibit C, which also includes Facilities or Discrete Components thereof that are or will be the subject of a TUMF Credit Agreement.

“DIF Improvements Schedule” means Exhibit C hereto.

“Director” means the Director of Public Works of the City, or his or her written designee acting as such under this Acquisition Agreement.

“Discrete Component” means a component of a Facility that the Director has agreed can be separately identified, inspected and completed, and be the subject of a Payment Request hereunder. The Discrete Components are described in Exhibit A hereto.

“District” means the City of Beaumont Community Facilities District No. 93-1, created by the City under the Act.

“Facilities” means the facilities described in Exhibit A hereto which are to be acquired with the proceeds of the Special Taxes and Bonds, and shall include the DIF Improvements.

“Financing Policies” means the City of Beaumont’s Goals and Policies for Community Facilities Districts, as adopted May 8, 1995 by Resolution No. 1995-23, attached hereto as Exhibit E.

“Improvement Area” means Improvement Area No. 8F of the District.

“Improvement Fund” means, (a) prior to the initial issuance of Bonds, the fund or account established by the City for the District, howsoever denominated, into which Net Proceeds of the Special Taxes are to be deposited, and (b) from and after the initial issuance of Bonds, the fund or account established under the Indenture for such Bonds, howsoever denominated, into which Net Proceeds of Bonds and Special Taxes are to be deposited.

“Indenture” means the bond indenture or similar document between the District and the Trustee, providing for, among other matters, the issuance of the Bonds and the establishment of the Improvement Fund, as it may be amended from time to time.

“Net Proceeds” means (a) with respect to Special Taxes, the proceeds of such Special Taxes received prior to the initial issuance of Bonds and remaining after the payment or setting aside of, or provision for, administrative expenses of the District, and (b) with respect to Bonds, the proceeds of such Bonds remaining after the payment or setting aside of, or provisions for (i) the underwriter’s discount for such Bonds, (ii) the costs of issuance of such Bonds, including the costs of authorizing the Special Taxes and Bonds of the District incurred by the City and Owner, (iii) any required reserve fund deposit for such Bonds, (iv) capitalized interest on such Bonds, and (v) prefunded administrative expenses of the District.

“Owner” means Pardee Homes, a California corporation, and its successors or assigns to the extent permitted under Section 8.7 hereof.

“Payment Request” means a document, substantially in the form of Exhibit D hereto, to be used by the Owner in requesting payment of a Purchase Price.

“Plans” means the plans, specifications, schedules and related construction contracts for the Facilities and/or any Discrete Components thereof approved pursuant to the applicable standards of the City.

“Purchase Price” means the amount paid by the District for a Facility and/or any Discrete Components thereof determined in accordance with Article III hereof, being an amount equal to the Actual Cost of such Facility or Discrete Component, but subject to the limitations and reductions provided for in Article III.



“Rate and Method” means the rate and method of apportionment of the special taxes of the District approved by the qualified electors of the Improvement Area.

“Special Taxes” means the special taxes for facilities in the Improvement Area levied in accordance with the Rate and Method.

“Supplement” means a written document amending, supplementing or otherwise modifying this Acquisition Agreement and any exhibit hereto, including any amendments to the list of Discrete Components in Exhibit A, and/or the addition to Exhibit A of additional Facilities (and Discrete Components) to be financed with the proceeds of the Bonds deposited in the Improvement Fund eligible to be financed by the District.

“Trustee” means a financial institution in its capacity as trustee or fiscal agent under the Indenture, or any successor thereto acting as trustee or fiscal agent under the Indenture.

**ARTICLE II  
FUNDING**

**Section 2.1 Issuance of Bonds.** Upon the written request of the Owner or City, the Owner and the City staff shall meet regarding the amount, timing and other material aspects of each series of the Bonds. The legal proceedings for the issuance of the Bonds and the series, principal amounts, rates, terms, conditions and timing of the sale of the Bonds shall be in all respects be solely determined by the City Council of the City, acting as the governing body of the District, in accordance with this Acquisition Agreement; provided that, subject to satisfaction of the applicable Financing Policies, sound municipal financing practices and the requirements of this Acquisition Agreement, as soon as possible following the execution of this Acquisition Agreement the City shall use commercially reasonable efforts to cause the District to issue and sell the Bonds in an amount sufficient to fund the Facilities. For purposes of sizing each series of Bonds, the priority annual Administrative Expense shall be \$30,000 for the Improvement Area.

Prior to the Bonds being issued for the Improvement Area, the Owner will be required to provide all information regarding the development of its property within the Improvement Area, including the financing plan for such development, which is necessary to ensure that the official statement for such Bonds complies with the requirements of all applicable federal and state securities laws, including without limitation Rule 15c2-12 and Rule 10(b)-5 of the Securities and Exchange Commission (the “Commission”). Moreover, each property owner which is responsible for twenty percent (20%) or more of the maximum special tax within the Improvement Area, or owns a comparable amount of taxable property within the Improvement Area at the time each series of Bonds are issued (each a “Major Landowner”) will be required to enter into a continuing disclosure agreement to provide such continuing disclosure pertaining to the development of the land owned by such Major Landowner in the Improvement Area as necessary to assist the underwriter of the series of Bonds in complying with the continuing disclosure requirements of Rule 15c2-12 of the Commission and/or in marketing the Bonds. Each Major Landowner shall be required to execute a certificate in connection with each public sale of Bonds pursuant to which the Major Landowner shall indemnify and hold harmless City from claims arising from, or based upon, any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact in the above-referenced information.

**Section 2.2 Special Taxes and Bonds.** Prior to the issuance of the first series of Bonds for the Improvement Area, the “Assigned Special Tax” has been and shall continue to be levied in each fiscal year on parcels classified as “Developed Property” pursuant to and as defined in the Rate and Method. The Net Proceeds of such Special Taxes have been and shall continue to be deposited in the Improvement Fund. In addition, the proceeds of each full or partial prepayment of Special Taxes attributable to eligible facilities prior to the issuance of Bonds shall be deposited in the Improvement Fund. The City, the District and the Owner are entering into this Acquisition Agreement and authorized the levy of the Special Taxes for the purpose of creating and allocating certain streams of revenues that are or will be available to pay directly or reimburse the costs of acquisition and construction of the Facilities and to pay debt service on Bonds and other indebtedness of the District. The District shall make available the Net Proceeds of Special Taxes to the Owner for the reimbursement of costs of the Facilities, including the payment and Advances of DIFs for DIF Improvements.

Following the issuance of the Bonds, the District shall have no obligation to levy Special Taxes to pay directly for the costs of reimbursing or paying the Owner for the Facilities. The Owner, the City and the District hereby acknowledge and agree that any reduction or termination of the Special Taxes by exercise of the initiative power or the exercise of discretion of the City or the District would constitute a substantial impairment of revenue stream of Special Taxes that the Owner, the City and the District intend to create for the purpose of providing an assured source of funding for such costs, and the Owner agrees not to participate in or support, directly or indirectly, any such actions.

**Section 2.3 Net Proceeds.** The proceeds of the Bonds shall be deposited, held, invested, reinvested and disbursed as provided in the Indenture. The Net Proceeds of the Bonds will be set aside under the Indenture in the Improvement Fund. Moneys in the Improvement Fund shall be withdrawn therefrom in accordance with the provisions of the Indenture and the applicable provisions hereof for payment of all or a portion of the costs of construction and/or acquisition of the Facilities (including payment of the Purchase Price of Discrete Components thereof), and to discharge the Owner’s obligation to pay the DIFs, all as herein provided. Funds in the Improvement Fund shall be reserved and disbursed in accordance with the following preferred priority:

- (i) The first priority shall be the reimbursement of DIFs and Advances paid previously by the Owner;
- (ii) The second priority shall be the payment of the Purchase Price of DIF Improvements and Discrete Components of DIF Improvements pursuant to the DIF Improvements Schedule; and
- (iii) The third priority shall be the payment of the Purchase Price of other Facilities and Discrete Components.

The Owner acknowledges that any lack of availability of amounts in the Improvement Fund to pay the Purchase Price of Facilities or any Discrete Components thereof and/or to discharge the Owner’s obligation to pay the DIFs and/or to reimburse the Owner for Advances shall in no way diminish any obligation of the Owner with respect to the construction of or contributions for public facilities and mitigation measures required by the Conditions of Approval or any subdivision, development or other agreement to which the Owner is a party, or any governmental approval to which the Owner or any land within the Improvement Area are subject.

**Section 2.4 Disclosure of Special Tax.** Copies of the executed “Notice of Special Tax” required by California Government Code Section 53341.5 provided to the purchaser of real property within the Improvement Area shall be provided to the City Director of Finance. The Director of Finance’s receipt of such “Notice of Special Tax” shall not be construed as City or District approval of the form of Notice or in any way make the City or District liable for deficiencies in such “Notice of Special Tax.” Owner agrees to retain copies of the Notice of Special Tax it has provided to homebuyers within the Improvement Area for a period of three (3) years and to provide them to the City upon City’s written request.

**Section 2.5 City DIF Program.** In accordance with the Settlement Agreement, the City and the Owner agree the Owner shall provide for the design, engineering and construction of the DIF Improvements and/or make advances for the DIF Improvements in accordance with the DIF Improvements Schedule attached hereto as Exhibit C. Advances for DIF Improvements shall be diligently completed on a date mutually agreed to by the Owner and the City. The amount the Owner is required to spend for each DIF Improvement or Advance, as specified in the DIF Improvements Schedule, shall be adjusted in accordance with Section 5 of the Settlement Agreement and shall be inclusive of amounts spent or financed by the Owner pursuant to this Acquisition Agreement and all Other Acquisition Agreements.

**ARTICLE III  
CONSTRUCTION AND ACQUISITION OF FACILITIES**

**Section 3.1 Schedule for DIF Improvements and/or Advances.** In accordance with the Settlement Agreement, the City and Owner agree Owner shall provide for the design, engineering and construction of the DIF Improvements and/or make Advances for the DIF Improvements in accordance with the DIF Improvements Schedule attached hereto as Exhibit C. Advances for DIF Improvements shall be made on the dates provided in Exhibit C or, if not specifically provided therein, will be commenced as soon as reasonably possible following the City's written request and DIF Improvements shall be diligently completed on a date mutually agreed to by Owner and City. The amount Owner is required to spend for each DIF Improvement or Advance, as specified in the DIF Improvements Schedule, shall be adjusted in accordance with Section 5 of the Settlement Agreement and shall be inclusive of amounts spent or financed by Owner pursuant to this Agreement and all Other Acquisition Agreements. The Owner shall cause Plans to be prepared for the Facilities. The Owner shall obtain the City’s written approval of the Plans in accordance with applicable ordinances and regulations of the City. Copies of all Plans shall be provided by the Owner to the Director upon request therefor, and, in any event, a written assignment of the Plans for any Facility shall be provided to the City prior to its acceptance of the Facility and as built drawings shall be provided to the City within 60 days of such acceptance.

**Section 3.2 Duty of Owner to Construct.** All Facilities and Discrete Components thereof to be acquired hereunder shall have been constructed at the direction of the Owner in accordance with the approved Plans following the solicitation of competitive bids. The Owner shall have employed at all times adequate staff or consultants with the requisite experience necessary to bid, administer and coordinate all work related to the design, engineering, acquisition, construction and installation of the Facilities to be acquired by the City from the Owner hereunder.

The Owner shall be obligated: (i) to cause the construction and cause conveyance to the City (or other applicable governmental agency) of all DIF Improvements and Discrete Components

specified for construction by the Owner in the DIF Improvements Schedule in accordance with this Acquisition Agreement and, as applicable, the TUMF Credit Agreements and Supplement to TUMF Agreement and all other Facilities and Discrete Components thereof in Exhibit A hereto in accordance with the Conditions of Approval, and (ii) with respect to all Facilities other than DIF Improvements, to use its own funds to pay all costs thereof in excess of the Purchase Prices thereof to be paid hereunder, if any.

With respect to the Facilities, the Owner shall not be relieved of its obligation to cause the construction of each Facility and Discrete Component thereof listed in Exhibit A hereto and convey each such Facility and Discrete Component to the City in accordance with the terms of this Acquisition Agreement and the Conditions of Approval even if, (i) because of the limitations imposed by this Agreement, the Purchase Price for such Discrete Component or Facility is less than the Actual Cost, or cost to the Owner, of such Discrete Component or Facility, or (ii) there are no funds or insufficient funds in the Improvement Fund to pay the Purchase Prices thereof, and, in any event, this Acquisition Agreement shall not affect any obligation of any owner of land in the Improvement Area under the Conditions of Approval with respect to the public improvements required in connection with the development of the land within the Improvement Area. The obligation of the Owner to construct and convey such Facilities, and pay the costs thereof in excess of available monies in the Improvement Fund and the timing of construction of such Facilities, shall be determined by the applicable Conditions of Approval and this Acquisition Agreement.

**Section 3.3 Relationship to Public Works.** This Acquisition Agreement is for the acquisition by the City of the Facilities and payment for Discrete Components thereof listed in Exhibits A and C hereto from monies in the Improvement Fund and is not intended to be a public works contract. Notwithstanding the foregoing, the Owner shall competitively bid and award all contracts for construction of the Facilities listed in Exhibits A and C hereto, as amended from time to time, and materials related thereto by means of a competitive bid process acceptable to the Director unless the same are Completed Facilities. At the Owner’s request, the Director shall review the Owner’s proposed bid process and either provide modifications or written acknowledgment that it is acceptable. The Owner shall endeavor to obtain at least three bids for such Facility or Discrete Component thereof by means of a bidding process acceptable to the Director. Bids for each Discrete Component shall be submitted in sealed envelopes to the Owner prior to the time and date prescribed for bid opening. The Owner shall open the bids immediately following the submittal deadline. The Director or his designee shall be present at all bid openings and may direct that all bids be submitted to him. Upon written request of the Director, the Owner shall provide an analysis of bids for construction and materials for the Facilities, constructed or to be constructed by or under the supervision of the Owner. The Owner shall award each bid to the lowest responsible bidder and shall require each contractor to provide for the payment of prevailing wages and maintain records with respect to such payment.

From time to time at the request of the Director, the Owner shall meet and confer with City staff, consultants and contractors regarding matters arising hereunder with respect to the Facilities, Discrete Components and the progress in constructing and acquiring the same, and as to any other matter related to the Facilities or this Acquisition Agreement. The Owner shall advise the Director in advance of any coordination and scheduling meetings to be held with contractors relating to the Facilities, in the ordinary course of performance of an individual contract. The Director or the Director’s designated representative shall have the right to be present at such meetings, and to meet and confer with individual contractors if deemed advisable by the Director to resolve disputes and/or ensure the proper completion of the Facilities.

**Section 3.4 Independent Contractor.** In performing this Acquisition Agreement, the Owner is an independent contractor and not the agent or employee of the City. The City shall not be responsible for making any payments to any contractor, subcontractor, agent, consultant, employee or supplier of the Owner.

**Section 3.5 Performance and Payment Bonds.** The Owner agrees to comply with all applicable performance and mechanics and materialmen bonding requirements of the City (and other applicable public entities and/or public utilities) with respect to the construction of the Facilities, as requested by the City.

**Section 3.6 Contracts and Change Orders.** The Owner shall be responsible for entering into all contracts and any supplemental agreements (commonly referred to as “change orders”) required for the construction of the Facilities including, but not limited to those listed in Exhibits A and C hereto, as amended from time to time, and all such contracts and change orders shall be submitted to the Director and subject to the Director’s advance written approval unless they are Completed Facilities. The Director’s prior written approval shall also be required for any contracts for DIF Improvements. Prior approval of change orders by the Director shall only be required for change orders relating to DIF Improvements or such change orders for other Facilities which in any way change the cost or materially alter the quality or character of the subject Facilities. The City expects that such contracts and change orders needing prior approval by the Director will be approved or denied (any such denial to be in writing, stating the reasons for denial and the actions, if any, that can be taken to obtain later approval) within ten (10) business days of receipt by the Director thereof.

**Section 3.7 Time for Completion.** The Owner agrees that this Acquisition Agreement is for the benefit of the City and the Owner and, therefore, the Owner represents that it shall use good faith efforts to complete the Facilities that are intended to be financed with the Net Proceeds of each series of Bonds and to have requested payment for such Facilities under this Acquisition Agreement within eighteen (18) calendar months from the date of the closing of the series of Bonds. Any failure to complete the Facilities within said time period shall not, however, in itself, constitute a breach by the Owner of the terms of this Acquisition Agreement provided that it obtains a written extension of time from the Director.

The Owner agrees to use its good faith efforts to complete all Facilities that are intended to be financed with the Net Proceeds of each series of Bonds within eighteen (18) calendar months from the date of closing of the Bonds. To the extent that Net Proceeds of a series of Bonds remains unexpended on the date which is thirty six (36) calendar months from the date of closing of the Bonds, the Director may direct that such unexpended amounts be applied to pay, redeem or defease Bonds under the Indenture.

**Section 3.8 Inspection.** No payment hereunder shall be made by the City to the Owner for a Facility or Discrete Component thereof until the Facility or Discrete Component thereof has been inspected and found to be completed in accordance with the Plans by the City or other applicable public entity or utility. However, due to the age of some of the Facilities it is understood that normal wear and tear and aging may have occurred which shall not be a basis for denial. The City shall make or cause to be made periodic site inspections of the Facilities or Discrete Components to be acquired hereunder on a timely basis; provided that in no event shall the City incur any liability for any delay in the inspection of any Facilities or Discrete Components. For Facilities to be acquired by other public entities or utilities, the Owner shall be responsible for obtaining such

inspections and providing written evidence thereof to the Director. The Owner agrees to pay all inspection, permit and other similar fees of the City applicable to construction of the Facilities.

**Section 3.9 Agreement to Sell and Acquire Facilities.** The Owner hereby agrees to sell the Facilities and Discrete Components listed in Exhibit A hereto to the City, and the City hereby agrees to use amounts in the Improvement Fund to pay the Purchase Price of each of such Facilities and Discrete Components to the Owner, subject to the terms and conditions hereof. The City shall not be obligated to acquire any Facility or Discrete Component until the Facility or Discrete Component is completed and the Acceptance Date for such Facility or Discrete Component has occurred; provided that the City has agreed hereunder to make payments to the Owner for certain Discrete Components of Facilities as shown in Exhibit A hereto. The Owner acknowledges that the Discrete Components have been identified for payment purposes only, and that the City shall not accept a Facility of which a Discrete Component is a part until the entire Facility has been completed. The City acknowledges that the Discrete Components do not have to be accepted by the City as a condition precedent to the payment of the Purchase Price therefor, but any such payment shall not be made until the Discrete Component has been completed in accordance with the Plans therefor, as determined by the Director. In any event, the City shall not be obligated to pay the Purchase Price for any Facility or Discrete Component except from the moneys in the Improvement Fund.

**Section 3.10 Payment Requests.** In order to receive the Purchase Price for a completed Facility or Discrete Component, inspection thereof under Section 3.1 shall have been made and the Owner shall deliver to the Director: (i) a Payment Request in the form of Exhibit D hereto for such Facility or Discrete Component, together with all attachments and exhibits required by Exhibit D and this Section 3.3 to be included therewith (including, but not limited to Attachments 1 and 2 to Exhibit D), and (ii) if payment is requested for a completed Facility, (a) if the property on which the Facility is located is not owned by the City at the time of the request, a copy of the recorded documents conveying to the City Acceptable Title to the real property on, in or over which such Facility is located, as described in Section 4.1 hereof, (b) to the extent paid for with the proceeds of the Bonds, an assignment to the District of any reimbursements that may be payable with respect to the Facility, such as public or private utility reimbursements, and (c) an assignment of warranties and guaranties for such Facility, as described in Section 4.5 hereof, in a form acceptable to the City.

Upon receipt of a Payment Request (and all accompanying documentation requested by the Director including, but not limited to, copies of applicable invoices, receipts, cancelled checks and lien releases), the Director shall conduct a review in order to confirm that such request is complete, that such Discrete Component or Facility identified therein was constructed in accordance with the Plans therefor, and to verify and approve the Actual Cost of such Discrete Component or Facility specified in such Payment Request provided that, with respect to DIF Improvements and other Facilities (but excluding Completed Facilities), it does not exceed the sum of the contracts and change orders previously approved in writing by the Director. The Director shall also conduct such review as is required in his discretion to confirm the matters certified in the Payment Request. The Owner agrees to cooperate with the Director in conducting each such review and to provide the Director with such additional information and documentation as is reasonably necessary for the Director to conclude each such review. For any Facilities to be acquired by another public entity or utility, the Owner shall provide evidence acceptable to the Director that such Facilities are acceptable to such entity or utility. Within fifteen (15) business days of receipt of any Payment Request, the Director expects to review the request for completeness and notify the Owner whether such Payment Request is complete, and, if not, what additional documentation must be provided. If such Payment

Request is complete, the Director expects to provide a written approval or denial (specifying the reason for any denial) of the request within thirty (30) calendar days of its submittal. However, the Facilities documentation will be delivered by Owner to City in large quantities which may be beyond the ability of City to process, in accordance with the forgoing timeframes. At the request of City or Owner, City may engage an outside contractor to review and process the Facilities documentation on behalf of the City the cost of which shall be borne by Owner subject to a written agreement executed by City and Owner. If a Payment Request seeking reimbursement for more than one Facility or Discrete Component is denied, the Director shall state whether the Payment Request is nevertheless approved and complete for any one or more Facilities or Discrete Components and any such Facilities or Discrete Components shall be processed for payment under Section 3.4 notwithstanding such partial denial. The City's and District's Costs associated with the acquisition of Facilities and processing of Payment Requests shall be reimbursed from the Improvement Fund or from amounts advanced by the Owner to the extent insufficient funds are on deposit in the Improvement Fund, which advances may be later reimbursed to the Owner out of the Improvement Fund.

**Section 3.11 Payment.** Upon approval of the Payment Request by the Director, the Director shall sign the Payment Request and forward the same to the City Director of Finance. Upon receipt of the reviewed and fully signed Payment Request, the City Director of Finance shall, within the then current City financial accounting payment cycle but in any event within fifteen (15) business days of receipt of the approved Payment Request, cause the same to be paid by the Trustee under the applicable provisions of the Indenture, to the extent of funds then on deposit in the Improvement Fund. Any approved Payment Request not paid due to an insufficiency of funds in the Improvement Fund, shall be paid promptly following the deposit into the Improvement Fund of proceeds of any investment earnings or other amounts transferred to the Improvement Fund under the terms of the Indenture.

The Purchase Price paid hereunder for any Facility or Discrete Component shall constitute payment in full for such Facility or Discrete Component, including, without limitation, payment for all labor, materials, equipment, tools and services used or incorporated in the work, supervision, administration, overhead, expenses and any and all other things required, furnished or incurred for completion of such Facility or Discrete Component, as specified in the Plans.

The City shall withhold payment for any Discrete Component or Facility constructed on land not already owned by the City or other public entity, until Acceptable Title to such land is conveyed to the City or other public entity that will own the respective Facility, as described in Article IV hereof.

The City shall be entitled to withhold any payment hereunder for a Facility or Discrete Component that is the subject of a Payment Request until it is satisfied that any and all claims for labor and materials have been paid by the Owner for the Facility or Discrete Component that is the subject of a Payment Request, or conditional lien releases (and/or unconditional lien releases) have been provided by the Owner for such Facility or Discrete Component. The City, in its discretion, may waive this limitation upon the provision by the Owner of sureties, undertakings, securities and/or bonds of the Owner or appropriate contractors or subcontractors and deemed satisfactory by the Director to assure payment of such claims.

The City shall be entitled to withhold payment for any Facility (or final Discrete Component) hereunder to be owned by the City until: (i) the Director determines that the Facility is ready for its intended use, and (ii) the Acceptance Date for the Facility has occurred and the requirements of

Section 4.1, if applicable to such Facility, have been satisfied. The City hereby agrees that the Owner shall have the right to post or cause the appropriate contractor or subcontractor to post a bond with the City to indemnify it for any losses sustained by the City because of any liens that may exist at the time of acceptance of such a Facility, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the Director. The City shall be entitled to withhold payment for any Facility (or the final Discrete Component of any such Facility) to be owned by other governmental entities, until the Owner provides the Director with evidence that the governmental entity has accepted dedication of and/or title to the Facility. If the Director determines that a Facility is not ready for intended use under (i) above, the Director shall so notify the Owner as soon as reasonably practicable in writing specifying the reason(s) therefor.

Nothing in this Acquisition Agreement shall be deemed to prohibit the Owner from contesting in good faith the validity or amount of any mechanics or materialman's lien nor limit the remedies available to the Owner with respect thereto so long as such delay in performance shall not subject the Facilities or any Discrete Component thereof to foreclosure, forfeiture or sale. In the event that any such lien is contested, the Owner shall only be required to post or cause the delivery of a bond in an amount equal to the amount in dispute with respect to any such contested lien sufficient to cause the release or such lien, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the Director.

Subject to the last paragraph of this Section 3.5, the City shall withhold in the Improvement Fund an amount equal to ten percent (10%) of the Purchase Price of each Discrete Component to be paid hereunder other than the final Discrete Component of any Facility. Any such retention will be released to the Owner upon final completion and acceptance of the related Facility.

Notwithstanding the foregoing, the Owner shall be entitled to payment of any such retention upon the completion and acceptance of a Discrete Component, if securities meeting the requirements of the California Public Contracts Code are deposited in lieu thereof. Payment of any retention shall also be contingent upon the availability of monies in the Improvement Fund therefore. No retention shall apply if the Owner proves to the Director's satisfaction that the Owner's contracts for the Discrete Components provide for the same retention as herein provided, so that the Purchase Price paid for the Discrete Component is at all times net of the required retention.

**Section 3.12 Restrictions on Payments.** Notwithstanding any other provisions of this Acquisition Agreement, the following restrictions shall apply to any payments made to the Owner:

(a) Amounts of Payments. Subject to the following paragraphs of Section 3.11, payments for each Discrete Component or Facility will be made only in the amount of the Purchase Price for the respective Discrete Component or Facility.

Nothing herein shall require the City in any event (i) to pay more than the Actual Cost of a Facility or Discrete Component, or (ii) to make any payment beyond the available funds in the Improvement Fund. The parties hereto acknowledge and agree that all payments to the Owner for the Purchase Prices of Facilities or Discrete Components are intended to be reimbursements to the Owner for monies already expended or for immediate payment by the Owner (or directly by the City) to third parties in respect of such Facilities and/or Discrete Components.



(b) Joint or Third Party Payments. The City may make any payment jointly to the Owner and any mortgagee or trust deed beneficiary, contractor or supplier of materials, as their interests may appear, or solely to any such third party, if the Owner requests the same in writing.

(c) Withholding Payments. The City shall be entitled, but shall not be required, to withhold any payment hereunder for a Discrete Component or a Facility if the Owner or any Affiliate is delinquent in the payment of ad valorem real property taxes, special assessments or taxes, or special taxes levied in the Improvement Area. In the event of any such delinquency, the City shall only make payments hereunder, should any be made at the City's sole discretion, directly to contractors or other third parties employed in connection with the construction of the Facilities or to any assignee of the Owner's interests in this Acquisition Agreement (and not to the Owner or any Affiliate), until such time as the Owner provides the Director with evidence that all such delinquent taxes and assessments have been paid.

**Section 3.13 Defective or Nonconforming Work.** If any of the work done or materials furnished for a Facility or Discrete Component are found by the Director to be defective or not in accordance with the applicable Plans: (i) and such finding is made prior to payment for the Purchase Price of such Facility or Discrete Component hereunder, the City may withhold payment therefor until such defect or nonconformance is corrected to the satisfaction of the Director, or (ii) and such finding is made after payment of the Purchase Price of such Facility or Discrete Component, the City and the Owner shall act in accordance with the City's standard specification for public works construction.

**Section 3.14 Restrictions on Payments.** Notwithstanding any other provisions of this Acquisition Agreement, the following restrictions shall apply to any payments made to the Owner:

(a) Amounts of Payments. Subject to the following paragraphs of this Section 3.8, payments for each Discrete Component or Facility will be made only in the amount of the Purchase Price for the respective Discrete Component or Facility.

Nothing herein shall require the City in any event (i) to pay more than the Actual Cost of a Facility or Discrete Component, or (ii) to make any payment beyond the available funds in the Improvement Fund. The parties hereto acknowledge and agree that all payments to the Owner for the Purchase Prices of Facilities or Discrete Components are intended to be reimbursements to the Owner for monies already expended or for immediate payment by the Owner (or directly by the City) to third parties in respect of such Facilities and/or Discrete Components

(b) Joint or Third Party Payments. The City may make any payment jointly to the Owner and any mortgagee or trust deed beneficiary, contractor or supplier of materials, as their interests may appear, or solely to any such third party, if the Owner requests the same in writing.

(c) Withholding Payments. The City shall be entitled, but shall not be required, to withhold any payment hereunder for a Discrete Component or a Facility if the Owner or any Affiliate is delinquent in the payment of ad valorem real property taxes, special assessments or taxes, or special taxes levied in the Improvement Area. In the event of any such delinquency, the City shall only make payments hereunder, should any be made at the City's sole discretion, directly to contractors or other third parties employed in connection with the construction of the Facilities or to any assignee of the Owner's interests in this Acquisition Agreement (and not to the Owner or any

Affiliate), until such time as the Owner provides the Director with evidence that all such delinquent taxes and assessments have been paid.

**ARTICLE IV  
OWNERSHIP AND TRANSFER OF FACILITIES**

**Section 4.1 Facilities to be Owned by the City; Conveyance of Land and Easements to City.** Acceptable Title to all property on, in or over which each Facility to be acquired by the City will be located, shall be deeded over to the City by way of grant deed, or dedication of such property, or easement thereon, if such conveyance of interest is approved by the City as being a sufficient interest therein to permit the City to properly own, operate and maintain such Facility located therein, thereon or thereover, and to permit the Owner to perform its obligations as set forth in this Acquisition Agreement. The Owner agrees to assist the City in obtaining such documents as are required to obtain Acceptable Title. Completion of the transfer of title to land shall be accomplished prior to the payment of the Purchase Price for a Facility (or the last Discrete Component thereof) and shall be evidenced by recordation of the acceptance thereof by the City Council or the designee thereof.

**Section 4.2 Facilities to be Owned by the City; Title Evidence.** The Owner shall furnish to the City a preliminary title report for land with respect to Facilities to be acquired by the City and not previously dedicated or otherwise conveyed to the City, for review and approval at least thirty (30) business days prior to the transfer of the Acceptable Title to a Facility to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the judgment of the City, could materially affect the City’s use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to the land with respect to such Facility or pay the Purchase Price for such Facility (or the last Discrete Component thereof) until the Owner has cured such objections to title to the reasonable satisfaction of the City and caused a standard title insurance policy to be issued to the City with respect to such land in the amount of the Purchase Price. In the event the Owner cannot cure such objections to title, City agrees to consider the use of eminent domain pursuant to Section 4.3 hereof for such purpose.

**Section 4.3 Facilities Constructed on Private Lands.** If any Facilities to be acquired are located on privately-owned land, the owner thereof shall retain title to the land and the completed Facilities until acquisition of the Facilities under Article III hereof. Pending the completion of such transfer, the Owner shall not be entitled to receive any payment for any such Facility or the last Discrete Component thereof. The Owner shall, however, be entitled to receive payment for Discrete Components (other than the last Discrete Component) upon making an irrevocable offer of dedication of such land in form and substance acceptable to the Director. Notwithstanding the foregoing, upon written request of the City before payment for any Discrete Component of such a Facility, the Owner shall convey or cause to be conveyed Acceptable Title thereto in the manner described in Sections 4.1 and 4.2 hereof.

It shall be the responsibility of the Owner to acquire all property rights on property which is not owned by the City or the Owner which is necessary for the construction of any of the Facilities, if any. In the event, despite its exercise of best efforts to do so, the Owner is unable to acquire such property rights, the City shall in good faith consider the undertaking of proceedings to acquire such property rights through its exercise of the power of eminent domain, and the costs of such

proceedings and acquisition shall be the responsibility of the Owner and shall comprise part of the Purchase Price of the related Facility.

**Section 4.4 Facilities Constructed on City Land.** If the Facilities to be acquired are on land owned by the City, including land as to which the City has acquired sufficient property rights in the manner described in Section 4.3 or otherwise, the City hereby grants to the Owner a license to enter upon such land for purposes related to the construction (and maintenance pending acquisition) of the Facilities. The provisions for inspection and acceptance of such Facilities otherwise provided herein shall apply.

**Section 4.5 Maintenance and Warranties.** The Owner shall maintain or cause to be maintained each Discrete Component in good and safe condition until the Acceptance Date of the Facility of which such Discrete Component is a part. Prior to the Acceptance Date, the Owner shall be responsible for performing any required maintenance on any completed Discrete Component or Facility. On or before the Acceptance Date of the Facility, the Owner shall assign to the City all of the Owner's rights in any warranties, guarantees, maintenance obligations or other evidence of contingent obligations of third persons with respect to such Facility. For each Facility to be owned by the City, the Owner shall provide a warranty bond reasonably acceptable in form and substance to the Director to remain in effect for a period of one year from the date of acceptance of each Facility. The City shall be responsible for maintenance of each Facility from and after the Acceptance Date thereof, except that with respect to landscaping improvements, the Owner shall maintain or cause to be maintained such landscape improvements for a period of one year following the Acceptance Date thereof or shall provide a bond reasonably acceptable in form and substance to the Director for such period and for such purpose (for landscaping improvements only, and for the posting of a warranty bond to remain in effect for one year as to other Facilities), to insure that defects, which appear within said period will be repaired, replaced, or corrected by the Owner, at its own cost and expense, to the satisfaction of the Director. The Owner shall commence to repair, replace or correct any such defects within thirty (30) days after written notice thereof by the City to the Owner, and shall complete such repairs, replacement or correction as soon as practicable. Any warranties, guarantees or other evidences of contingent obligations of third persons with respect to the Facilities to be acquired by the City shall be delivered to the Director as part of the transfer of title.

**ARTICLE V  
INSURANCE**

**Section 5.1 Insurance Requirements.** The Owner shall, at all times prior to the final Acceptance Date of all Facilities, maintain and deliver to the City evidence of and keep in full force and effect, not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policies satisfactory to the Director: (i) Workers Compensation and Employer's Liability - Workers' Compensation - coverage as required by law; Employer's Liability - limits of at least \$1,000,000.00 per occurrence; (ii) Comprehensive General Liability - Combined Single Limit - \$2,000,000.00; (iii) Automobile Liability - Combined Single Limit - \$1,000,000.00; and (iv) Errors and Omissions Insurance - Combined Single Limit - \$2,000,000.00.

All of the Owner's insurance policies shall contain an endorsement providing that written notice shall be given to the City at least 30 calendar days prior to termination or cancellation of coverage of the policy.

The Comprehensive General Liability and Bodily Injury and Property Damage Liability policies shall contain the following:

(a) An endorsement extending coverage to the City and its agents as an additional insured, as respects liabilities arising out of the performance of any work related to the Facilities. Which insurance shall be primary insurance as respects the interest of the City, and any other insurance maintained by the City shall be excess and not contributing insurance with the insurance required hereunder.

(b) Severability of interest clause.

(c) Provision or endorsement stating that such insurance, subject to all of its other terms and conditions, applies to contractual liability assumed by the Owner.

Promptly on execution of this Acquisition Agreement by the Owner, the Owner shall deliver to the Director copies of all required certificates of insurance and endorsements thereto on forms which are acceptable to the Director and the City Attorney.

The Owner shall require and verify similar insurance on the part of its contractors and subcontractors.

The foregoing requirements as to the types, limits and City approval of insurance coverage to be maintained by the Owner are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by the Owner under this Acquisition Agreement.

Any policy or policies of insurance that the Owner or its contractors or subcontractors elect to carry as insurance (i) against loss or damage to their construction equipment and tools or other personal property used in fulfillment of this Acquisition Agreement or a contract related to the Facilities shall include a provision waiving the insurer’s right of subrogation against the City, and (ii) in fulfillment of this Acquisition Agreement involving a dual obligee bond may contain a clause to the effect that: “provided that Principal and Surety shall not be liable to the Obligees or any of them unless the Obligees or any of them have performed the obligations to the Principal in accordance with the terms of said contract; and provided, further, that Principal and Surety shall not be liable to all Obligees in the aggregate in excess of the penal sum above stated.”

**Section 5.2 Standards Applicable.** The Owner may effect such coverage under blanket insurance policies, provided, however, that (i) such policies are written on a per occurrence basis, (ii) such policies comply in all other respects with the provisions of Section 5.1, and (iii) the protection afforded the City under any such policy shall be no less than that which would be available under a separate, policy relating only to this Acquisition Agreement. All policies of insurance shall be with companies licensed or approved by the State of California Insurance Commissioner and rated (i) A or better with respect to primary levels of coverage, and (ii) B+12 or better with respect to excess levels of coverage, in the most recent edition of Best’s Insurance Guide and shall be issued and delivered in accordance with State law and regulations.

**Section 5.3 Evidence of Insurance.** Prior to the Acceptance Date, the Owner shall furnish to the City, from time to time upon request of the Director, a certificate of insurance regarding each insurance policy required to be maintained by the Owner hereunder.

**ARTICLE VI**

**DIFS**

**Section 6.1 Reimbursement of DIFs and Advances.** As provided in the Settlement Agreement, the Owner may submit to the City from time to time a Payment Request in the form attached hereto as Exhibit D-1 for reimbursement from the Improvement Fund of any DIFs or Advances previously paid to the City. In the event that the amount in the Improvement Fund is less than the total amount of such DIFs or Advances previously paid to the City and requested for reimbursement in a Payment Request, the unpaid amount shall be reimbursed to the Owner when, and if, additional funds are subsequently deposited in the Improvement Fund and designated to construct the facilities authorized to be financed with such DIFs or Advances in an amount equal to or greater than such unpaid amount of the Payment Request. Payment Requests for reimbursement for which moneys on deposit in the Improvement Fund are a prerequisite shall be provided to the City not more than ninety (90) days following issuance of the last series of Bonds issued by the District.

**Section 6.2 Disbursement to the City.** Upon receipt of a Disbursement Request in the form attached hereto as Exhibit D-2 (a “Disbursement Request”), the City may withdraw from the Improvement Fund the amount specified in such Disbursement Request to pay for DIF Improvements in lieu of payment by the Owner of all or a portion of the DIFs or Advances which are then estimated to be due and payable by Owner. Each time Owner makes an Advance, the City shall provide to Owner a credit against the DIFs equal to the amount of the money advanced.

**Section 6.3 DIF Credits.** Pursuant to the Settlement Agreement, the Owner shall be entitled to a credit against all DIFs based upon the Actual Costs incurred by the Owner for DIF Improvements it constructs and for Advances made to the City for DIF Improvements the City constructs in accordance with the DIF Improvements Schedule. The credit shall be calculated on a per equivalent dwelling unit (“EDU”) basis by dividing the total amount of such Actual Costs incurred and/or Advance paid by the Owner by the total amount of the DIFs per EDU. The result of such calculation shall be a total number of EDUs for which all DIFs are deemed satisfied. In addition, some of the Facilities identified in Exhibit A, in addition to the DIF Improvements specified in the DIF Improvements Schedule, may be in the City DIF program. Owner shall be entitled to full credit, in an amount not to exceed the estimated cost of such Facility in the applicable nexus study, against the applicable DIF for the Owner's construction of such Facility whether or not the Purchase Price of such Facility is funded out of the Improvement Fund provided that the Facility is constructed under the procedures in Article III. If Owner receives a credit against a DIF as the result of Owner's construction of any DIF Improvement or Facility, Owner shall only be entitled to obtain a further credit pursuant to the terms of this Acquisition Agreement of Owner's remaining obligation for such DIF, net of such credit amount.

**ARTICLE VII**

**REPRESENTATIONS, WARRANTIES AND COVENANTS**

**Section 7.1 Representations, Covenants and Warranties of the Owner.** The Owner represents and warrants for the benefit of the City, as follows:

(a) Organization. Owner is a California corporation and is validly doing business and in good standing in the State of California, is in compliance with all applicable laws of the State,

and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) Authority. The Owner has the power and authority to enter into this Acquisition Agreement, and has taken all action necessary to cause this Acquisition Agreement to be executed and delivered, and this Acquisition Agreement has been duly and validly executed and delivered by the Owner.

(c) Binding Obligation. This Acquisition Agreement is a legal, valid and binding obligation of the Owner, enforceable against the Owner in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Laws. The Owner shall not with knowledge commit, suffer or permit any act to be done in, upon or to the lands of the Owner in the Improvement Area or the Facilities in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the Improvement Area or the Facilities.

(e) Requests for Payment. The Owner represents and warrants that (i) it will not request payment from the City for the acquisition of any improvements that are not part of the Facilities, and (ii) it will diligently follow all procedures set forth in this Acquisition Agreement with respect to the Payment Requests.

(f) Financial Records. Until the final acceptance of the Facilities, the Owner covenants to maintain proper books of record and account for the construction of the Facilities and all costs related thereto, which accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agent at any reasonable time during regular business hours on reasonable notice.

(g) Prevailing Wages. The Owner covenants that, with respect to any contracts or subcontracts for the construction of the Facilities to be acquired from the Owner hereunder, it has assured complete compliance with any applicable law or regulation for the payment of prevailing wages for such construction.

(h) Plans. The Owner represents that it has obtained or will obtain approval of the Plans for the Facilities to be acquired from the Owner hereunder from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Owner further agrees that the Facilities to be acquired from the Owner hereunder have been or will be constructed in full compliance with such approved plans and specifications and any supplemental agreements (change orders) thereto, as approved in the same manner.

**Section 7.2 Indemnification and Hold Harmless.** The Owner shall assume the defense of, indemnify and save harmless the City, members of the City Council, their officers, officials, employees and agents and each of them, from and against all actions, damages, claims, losses or expense of every type and description to which they may be subjected or put, by reason of, or resulting from the breach of any provision of this Acquisition Agreement by the Owner, the Owner's or any other entity's negligent design, engineering and/or construction of any of the Facilities acquired from the Owner hereunder, the Owner's non-payment under contracts between the Owner and its consultants, engineer's, advisors, contractors, subcontractors and suppliers in the provision of

the Facilities, any claims of persons employed by the Owner or its agents to construct the Facilities, claims for damages to persons or property related to the actions of Owner contemplated by this Acquisition Agreement or any claims arising out of any alleged misstatement of a material fact or omission of a material fact with respect to provisions in any Official Statement for the Bonds for which the Owner certifies in a customary certificate executed in connection with the printing of the Official Statement for such Bonds. Notwithstanding the foregoing, no indemnification is given hereunder for any action, damage, claim, loss or expense directly attributable solely to the intentional acts or negligence of the City, or its officers, directors, employees or agents hereunder.

No provision of this Acquisition Agreement shall in any way limit the Owner’s responsibility for payment of damages resulting from the operations of the Owner, its agents, employees or its contractors.

**ARTICLE VIII  
TERMINATION**

**Section 8.1 Mutual Consent.** This Acquisition Agreement may be terminated by the mutual, written consent of the City and the Owner, in which event the City may let contracts for any remaining work related to the Facilities not theretofore acquired from the Owner hereunder, and use all or any portion of the monies in the Improvement Fund to pay for same, and the Owner shall have no claim or right to any further credits against the amount of DIFs payable by the Owner or the Purchase Price of Facilities or Discrete Components hereunder, except as otherwise may be provided in such written consent. In any event, this Acquisition Agreement shall terminate upon the earlier of (i) ten (10) years following the issuance of building permits for all dwelling units expected to be built within the Improvement Area, (ii) the funding of all Facilities pursuant to this Acquisition Agreement, or (iii) December 31, 2030. Notwithstanding the foregoing, this Acquisition Agreement shall not terminate pursuant to (iii) of the previous sentence if, on December 31, 2030, all of the building permits within the Improvement Area have been pulled, construction within the Improvement Area, as contemplated by the parties hereto, is ongoing, and bonds have not been issued to reimburse the Owner for completed Facilities.

**Section 8.2 City Election to Terminate for Cause.** The following events shall constitute grounds for the City, at its option and in its sole discretion, to terminate this Acquisition Agreement, without the consent of the Owner:

(a) The Owner shall voluntarily file for reorganization or other relief under any Federal or State bankruptcy or insolvency law.

(b) The Owner shall have any involuntary bankruptcy or insolvency action filed against it, or shall suffer a trustee in bankruptcy or insolvency or receiver to take possession of the assets of Owner, or shall suffer an attachment or levy of execution to be made against the property it owns within the Improvement Area unless, in any of such cases, such circumstance shall have been terminated or released within ninety (90) days thereafter.

(c) The Owner shall abandon construction of the Facilities. Failure for a period of six consecutive months to undertake substantial work related to the construction of Facilities that are required to be constructed at that time pursuant to the Conditions of Approval or DIF

Improvements Schedule, other than for a reason specified in Section 7.3 hereof, shall constitute a non-inclusive example of such abandonment.

(d) The Owner shall breach any material covenant or default in the performance of any material obligation hereunder.

(e) The Owner shall transfer any of its rights or obligations under this Acquisition Agreement without the prior written consent of the City or as otherwise permitted hereunder.

(f) The Owner shall have made any material misrepresentation or omission of any written materials furnished in connection with any preliminary official statement, official statement or bond purchase contract used in connection with the sale of any series of the Bonds.

If any such event occurs, the City shall give written notice of its knowledge thereof to the Owner, and the Owner agrees to meet and confer with the Director and other appropriate City staff and consultants as to options available to assure timely completion of the Facilities. Such options may include, but not be limited to the termination of this Acquisition Agreement by the City. If the City elects to terminate this Acquisition Agreement, the City shall first notify the Owner (and any mortgagee or trust deed beneficiary specified in writing by the Owner to the City to receive such notice) of the grounds for such termination and allow the Owner a reasonable period (minimum of thirty (30) days) to eliminate or mitigate to the satisfaction of the Director the grounds for such termination. Such period may be extended, at the sole discretion of the City, if the Owner, to the satisfaction of the City, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof, as determined solely by the City), the Owner has not eliminated or completely mitigated such grounds, to the satisfaction of the City, the City may then terminate this Acquisition Agreement.

Notwithstanding the foregoing, so long as any event listed in any of clauses (a) through and including (f) above has occurred, notice of which has been given by the City to the Owner, and such event has not been cured or otherwise eliminated by the Owner, the City may in its sole discretion cease making payments for the Purchase Price of Facilities or Discrete Components under Article V hereof.

**Section 8.3 Force Majeure.** Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes, inclement weather or other acts of God, war, civil commotion, riots, strikes, acts of terrorism, picketing, other labor disputes, damage to work in progress by casualty, government shutdowns, moratoria or other restrictive laws or regulations, or the acts, omissions or breach of agreement by the other party to this Acquisition Agreement or its agents, contractors or subcontractors, or by other cause beyond the reasonable control of the party (financial inability excepted), then the specified time for performance shall be extended by the amount of the delay actually so caused.



**ARTICLE IX  
MISCELLANEOUS**

**Section 9.1 Limited Liability of City.** The Owner agrees that any and all obligations of the City arising out of or related to this Acquisition Agreement are special and limited obligations of the District and City and the City’s obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Improvement Fund and from no other source. No member of the City Council, or City staff member, employee or agent shall incur any liability hereunder to the Owner or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

**Section 9.2 Excess Costs.** Subject to the limitations of this Acquisition Agreement, the Owner agrees to pay all costs of the Facilities that it is obligated to construct in excess of the monies available therefor in the Improvement Fund.

**Section 9.3 Review of Records.** The Director and/or the Finance Manager or other finance officer of the City shall have the right, during normal business hours and upon the giving of two (2) business days prior written notice to the Owner, to review all books and records of the Owner pertaining to the Actual Cost incurred by the Owner in to any of the Facilities, and any bids taken or received for the construction thereof or materials therefor. Owner shall have the right, during normal business hours and upon the giving of two (2) business days’ prior written notice to the Finance Manager, to review all books and records of the City and District pertaining to the Special Taxes and Bonds and applicable development impact fees.

**Section 9.4 Attorney’s Fees.** In the event that any action or suit is instituted by either party against the other arising out of this Acquisition Agreement, the party in whose favor final judgment shall be entered shall be entitled to recover from the other party all costs and expenses of suit, including reasonable attorneys’ fees.

**Section 9.5 Notices.** Any notice, payment or instrument required or permitted by this Acquisition Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered, or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by overnight delivery an original of the same within twenty-four hours after such transmission), addressed as follows:

City and District: City of Beaumont  
550 East 6<sup>th</sup> Street  
Beaumont, CA 92223  
Attention: City Manager, City Clerk

With a copy to: John Pinkney, Esq.  
Slovak Baron Empey Murphy & Pinkney, LLP  
1800 East Tahquitz Canyon Way  
Palm Springs, CA 92262

Owner: Pardee Homes  
1250 Corona Pointe Court, Suite 600  
Corona, CA 92879  
Attention: Mike Taylor, Jeff Chambers

With a copy to: John P. Yeager, Esq.  
O’Neil LLP  
19900 MacArthur Boulevard, Suite 1050  
Irvine, CA 92612

Each party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

**Section 9.6 Severability.** If any part of this Acquisition Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Acquisition Agreement shall be given effect to the fullest extent possible.

**Section 9.7 Successors and Assigns.** This Acquisition Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Acquisition Agreement shall not be assigned by the Owner, except in whole to an Affiliate, or to any other entity of which the Owner and/or its members or partners will be managing members or general partners which assume all of the Owner’s obligations hereunder (which transfer is expressly authorized hereunder, upon notice to the City without further act of the City), without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed. In connection with any required consent of the City, the City may condition its consent upon the acceptability of the financial condition of the proposed assignee, the assignee’s express assumption of all obligations of the Owner hereunder, and/or upon any other factor which the City deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned, and shall not be effective until approved by the City. Without the City’s written consent, no assignment shall release the Owner from its obligations and liabilities under this Acquisition Agreement.

**Section 9.8 Other Agreements.** The obligations of the Owner hereunder shall be those of a party hereto and not as an owner of property in the Improvement Area. Nothing herein shall be construed as affecting the City’s or the Owner’s rights, or duties to perform their respective obligations, under other agreements, if any, use regulations or subdivision requirements relating to the development of the lands in the Improvement Area. This Acquisition Agreement shall not confer any additional rights, or waive any rights given, by either party hereto under any development or other agreement to which they are a party.

**Section 9.9 Waiver.** Failure by a party to insist upon the strict performance of any of the provisions of this Acquisition Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party’s right to insist and demand strict compliance by the other party with the terms of this Acquisition Agreement thereafter.

**Section 9.10 Agreements in Writing.** No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Acquisition Agreement shall be binding.

**Section 9.11 Parties in Interest.** Nothing in this Acquisition Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City, the District and the Owner any rights, remedies or claims under or by reason of this Acquisition Agreement or any covenants, conditions or stipulations hereof; and all covenants, conditions, promises, and agreements in this Acquisition Agreement contained by or on behalf of the City, the District or the Owner shall be for the sole and exclusive benefit of the City, the District and the Owner.

**Section 9.12 Amendment.** This Acquisition Agreement may be amended, from time to time, by written Supplement hereto and executed by the City, the District and the Owner; provided, further, that Exhibit A may be modified to add additional authorized facilities or make adjustments to the existing Facilities only with the written approval of the City Council and the Owner.

**Section 9.13 Counterparts.** This Acquisition Agreement may be executed in counterparts, each of which shall be deemed an original.

**Section 9.14 Termination.** This Acquisition Agreement shall terminate and be of no further force pursuant to Section 8.1 hereof, unless extended by agreement of all the parties. If the Acquisition Agreement is terminated as provided herein, none of the City, the District or the Owner shall have any further responsibility or liability pursuant to this Acquisition Agreement. Upon the termination of this Agreement, the City shall direct the use of any remaining Bond or Special Tax proceeds to complete any remaining authorized facilities, redeem Bonds or use in any way permitted by the Act.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties have executed this Acquisition Agreement as of the day and year first-above written.

CITY OF BEAUMONT

By: \_\_\_\_\_  
Todd Parton  
City Manager

ATTESTED:

\_\_\_\_\_  
City Clerk

CITY OF BEAUMONT COMMUNITY FACILITIES  
DISTRICT NO. 93-1

By: \_\_\_\_\_  
Todd Parton  
City Manager of the City of Beaumont

ATTESTED:

\_\_\_\_\_  
City Clerk

*[SIGNATURE PAGE CONTINUED.]*

PARDEE HOMES,  
a California corporation

By: \_\_\_\_\_  
Mike Taylor  
Division President

**ACQUISITION AGREEMENT  
(CFD NO. 93-1 IMPROVEMENT AREA NO. 8F)**

**EXHIBIT A**

**DESCRIPTION OF FACILITIES AND DISCRETE COMPONENTS ELIGIBLE FOR  
ACQUISITION FROM THE OWNER**

Landscaping and related improvements within right-of-way along Starlight Drive, Cougar Avenue and Highland Springs Avenue.

**ACQUISITION AGREEMENT  
(CFD NO. 93-1 IMPROVEMENT AREA NO. 8F)**

**EXHIBIT B**

**DIFs**

	<b>(Fee Amount per EDU as of January 1, 2020)<sup>1</sup></b>
Traffic Signal	\$274.17
RR Crossing	\$294.64
Fire Station	\$584.74
Local Road Impact	\$2,496.20
TUMF <sup>2</sup>	\$9,146.00
Sewer Capacity	\$5,468.58
Recycled Water	\$786.64
Recreation Facilities	\$735.70
Public Facilities	\$430.45
Police	\$504.90
Emer. Preparedness	\$729.63
Upper Potrero Sewer	\$251.66
Southern Trunk Main	\$90.15
<b>Total per EDU:</b>	<b>\$21,793.50</b>

<sup>1</sup> Each single-family detached dwelling unit equals one (1) EDU. These amounts shall adjust as the DIFs are adjusted by the City or new DIFs are adopted by the City. Nothing in this Acquisition Agreement will restrict the City's ability to adopt, revise, amend or create new DIFs at any time now or in the future and the same shall be applicable to the Property as adopted. The amounts listed are for those DIFs provided for as of June 1, 2019. Some DIFs contain a 1% administrative fee.

<sup>2</sup> Per TUMF Credit Agreements, the TUMF fee is determined at the time that the developer applies for a building permit. As a result, certain TUMF fees may be lower than the amount set forth above.

**ACQUISITION AGREEMENT  
(CFD NO. 93-1 IMPROVEMENT AREA NO. 8F)**

**EXHIBIT C**

**DIF IMPROVEMENTS SCHEDULE**

<i>DIF Facility</i>	<i>Constructing Party</i>	<i>Construction/ Advance Schedule<sup>(4)</sup></i>	<i>Estimated Cost/Advance Amount<sup>(1)</sup></i>
1. Sewage Treatment Plant Expansion	City	2017	\$ 4,191,833
		2018	1,282,424
		2019	1,519,702
		2020	551,693
2. Cherry Avenue Street Paving	Pardee	2017	497,831
3. Oak Valley/I-10 Interchange <sup>(2)</sup>	City	2018	200,000
		2019	2,556,232
		2020	3,000,000
4. Traffic Signals	City	2017	50,000
		2018	247,240
5. Westside Fire Station	City	2018	618,240
6. Pennsylvania Grade Separation	City	2018	319,430
7. Pennsylvania Ave/2 <sup>nd</sup> Street <sup>(2)</sup>	City/Pardee	2018	3,000,000
		2019	1,500,000
8. Park Improvements at City Hall and other parks	City	2019	1,000,000
		2020	2,316,814
		2021	2,643,000
9. Potrero Overpass/Interchange <sup>(2)</sup>	City	2018	<u>1,694,743</u>
		<b>TOTAL</b>	<b><u>\$ 27,189,182</u></b>

<sup>(1)</sup> These amounts are based upon the total DIF obligation for DUs for which building permits are expected to be issued within CFD No. 93-1, Improvement Areas 8E, 8F and 17D and CFD Nos. 2016-2 and 2016-3 from January 1, 2018 through buildout of Sundance and Tournament Hills. The unpaid amounts may be adjusted based upon changes in the amount of the DIFs and changes in the expected or actual DUs.

<sup>(2)</sup> Improvements in TUMF Program.

<sup>(3)</sup> This schedule may be modified with the written consent of the City Council and Owner.

<sup>(4)</sup> Advances of funds by Pardee for DIF Improvements to be constructed by the City shall be made within thirty (30) days following the City's written request.



**ACQUISITION AGREEMENT**

**EXHIBIT D**

**FORM OF PAYMENT REQUEST (FACILITIES)**

**PAYMENT REQUEST NO. \_\_\_\_**

The undersigned (the “Owner”), hereby requests payment to the Payees listed on Attachment 2 in the total amount of \$\_\_\_\_\_ for the Facilities (as defined in the Acquisition Agreement, dated as of May 1, 2020 by and among the City of Beaumont (the “City”), the City of Beaumont Community Facilities District No. 93-1 and the Owner), or Discrete Components thereof (as described in Exhibit A to that Acquisition Agreement), all as more fully described in Attachment 1 hereto. In connection with this Payment Request, the undersigned hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized officer of the Owner, qualified to execute this Payment Request for payment on behalf of the Owner and is knowledgeable as to the matters set forth herein.

2. All costs of the Facilities or Discrete Components thereof for which payment is requested hereby are Actual Costs (as defined in the Acquisition Agreement referenced above) and have not been inflated or misrepresented in any respect. The items for which payment is requested have not been the subject of any prior payment request submitted to the City.

3. Supporting documentation (such as third party invoices) is attached with respect to each cost for which payment is requested.

4. There has been full compliance with applicable laws relating to prevailing wages for the work to construct the Facilities or Discrete Components thereof for which payment is requested.

5. The Facilities or Discrete Components thereof for which payment is requested were constructed in accordance with all applicable City or other governmental standards, and in accordance with Plans approved by the City.

6. The Owner is in compliance with the terms and provisions of the Acquisition Agreement.

7. The Purchase Price for each Facility or Discrete Component (a detailed calculation of which is shown in Attachment 2 hereto for each such Facility or Discrete Component), has been calculated in conformance with the terms of the Acquisition Agreement.

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

Dated: \_\_\_\_\_

OWNER:  
PARDEE HOMES,  
a California corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

CITY:

Payment Request Approved for Submission to  
Finance Manager

By: \_\_\_\_\_

Director of Public Works

**ACQUISITION AGREEMENT**

**ATTACHMENT 1**

**EXHIBIT D**

[List here all Facilities or Discrete Components thereafter which payment is requested, and attach support documentation.]

**ACQUISITION AGREEMENT**

**ATTACHMENT 2**

**EXHIBIT D**

**CALCULATION OF PURCHASE PRICE**

[Use a separate sheet for each Facility or Discrete Component for which payment is being requested]

- 1. Description (by reference to Exhibit A to the Acquisition Agreement) of the Facility or Discrete Component \$
- 2. Actual Cost (list here total of supporting invoices and/or other documentation supporting determination of Actual Cost): \$
- 3. Subtractions from Purchase Price: \$
  - A. Holdback for Lien releases (if any, see Section 3.4 of the Acquisition Agreement) \$
  - B. Retention (if any, see Section 3.4 of the Acquisition Agreement) \$
- 4. Total disbursement requested (Amount listed in 2, less amounts, if any, listed in 3) \$

Payment shall be directed to following payee(s): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

**OWNER:**

\_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CITY:**

Payment Request Approved for Submission to Finance Manager

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Director of Public Works

**ACQUISITION AGREEMENT**

**EXHIBIT D-1**

**FORM OF PAYMENT REQUEST (DIF/ADVANCE REIMBURSEMENTS)**

1. The undersigned (the “Owner”) hereby requests reimbursement from the City in the amount of \$\_\_\_\_\_ (“Requested Amount”), which amount has previously been paid to the City for DIFs or as an Advance (as defined in the Acquisition Agreement (the “Acquisition Agreement”), dated as of May 1, 2020 relating to Improvement Area No. 8F of the City of Beaumont Community Facilities District No. 93-1 specified below:

2. The Requested Amount has been paid to the City and has not formed the basis of any prior request or reimbursement.

3. The Owner is in compliance with the terms and provisions of the Acquisition Agreement.

4. Neither the Owner nor any Affiliate (as defined in the Acquisition Agreement) is in default in the payment of ad valorem real property taxes or assessments of special assessments or taxes levied in the Improvement Area (as defined in the Acquisition Agreement).

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

**OWNER:**

\_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CITY:**

Payment Request Approved for Submission to Finance Manager

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Director of Public Works

**ACQUISITION AGREEMENT**

**EXHIBIT D-1**

**FORM OF DISBURSEMENT REQUEST (DIFS/ADVANCES)**

1. The City of Beaumont Community Facilities District No. 93-1 (the "CFD") is hereby requested to disburse from the Improvement Fund, or any applicable account or subaccount thereof, the sum set forth below:

\$ \_\_\_\_\_ (the "Requested Amount")

2. The Requested Amount may be disbursed to the City or its designee to finance facilities authorized to be financed with the DIFs in the aggregate amount of\$ \_\_\_\_\_ with the credit for the DIFs to be provided with respect to any development within the City.

3. The Requested Amount is due and payable and has not formed the basis of any prior request or disbursement.

4. The Requested Amount is authorized and payable pursuant to the terms of that certain Acquisition Agreement dated as of May 1, 2020 relating to Improvement Area No. 8F of the CFD.

**OWNER:**

\_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**ACQUISITION AGREEMENT**

**EXHIBIT E**

**CITY CFD POLICIES**

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BEAUMONT, AUTHORIZING THE EXECUTION AND DELIVERY OF AN ACQUISITION AGREEMENT RELATING TO IMPROVEMENT AREA NO. 8F OF COMMUNITY FACILITIES DISTRICT NO.93-1 OF THE CITY OF BEAUMONT AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the City Council (the “City Council”) of the City of Beaumont, California (the “City”), located in Riverside County, California, has heretofore undertaken proceedings and declared the necessity to issue bonds by the City of Beaumont Community Facilities District No. 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, pursuant to resolutions adopted by the City Council on June 29, 1993 and May 9, 2015, and the Act, the City formed the District and designated and annexed Improvement Area No. 8F thereto (“Improvement Area No. 8F”); and

WHEREAS, certain facilities (the “Facilities”) are eligible to be financed from a special tax for facilities levied within Improvement Area No. 8F; and

WHEREAS the City now desires to approve the form of an Acquisition Agreement relating to the Facilities, by and among the City, the District and Pardee Homes (the “Acquisition Agreement”); and

NOW, THEREFORE, the City Council of the City of Beaumont does hereby resolve as follows:

SECTION 1. Each of the above recitals is true and correct, as is each of the findings and determinations set forth therein, and each of said recitals, findings and determinations is adopted by the City Council.

SECTION 2. The form of the Acquisition Agreement presented at this meeting is hereby approved; and any one of the Mayor, the City Manager, the Assistant City Manager, or the Finance Director of the City or the written designee of one of the foregoing (collectively, the “Authorized Officers”) is hereby authorized and directed to execute the Acquisition Agreement in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary to cure any defect or ambiguity therein if such change does not materially alter the substance or content thereof, with such approval to be conclusively evidenced by the execution and delivery of such Acquisition Agreement.

SECTION 3. Each of the Authorized Officers and the other officers and staff of the City of Beaumont responsible for the fiscal affairs of the City are hereby authorized and directed to take any actions and to execute and deliver any and all documents as are necessary to accomplish

the execution and delivery of the Acquisition Agreement and the issuance, sale and delivery of the “City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8F) 2020 Special Tax Bonds” in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as described in the Bond Indenture relating to such bonds. Any document authorized herein to be signed by the City Clerk may be signed by a duly-appointed deputy city clerk or assistant city clerk.

PASSED AND ADOPTED by the City Council of the City of Beaumont, California, this 19th day of May, 2020, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
MAYOR OF THE CITY OF BEAUMONT

ATTEST:

\_\_\_\_\_  
CITY CLERK



### Staff Report

**TO:** Mayor, and City Council Members  
**FROM:** Jeff Mohlenkamp, Finance Director  
**DATE:** May 19, 2020  
**SUBJECT:** **Approval of Resolution authorizing the issuance of 2020 Special Tax Bonds in Conjunction with Community Facilities District 93-1 Improvement Area 8F**

**Background and Analysis:**

In 1993, the City of Beaumont (“City”) formed Community Facilities District No. 93-1 (“District”) and established 13 original improvement areas. Over the years, the City has designated and annexed additional improvement areas in the District, including Improvement Area 8F (“Improvement Area”) on May 9, 2015. At the same time, an election was held within the Improvement Area at which the landowners eligible to vote approved the issuance of bonds in an amount not-to-exceed \$25,000,000.

While the District encompasses the majority of the City, the Improvement Area is more specifically located in the northeastern portion of the City, bounded by Brookside Avenue to the north, Orchard Heights Avenue to the east, Alpine Avenue to the south and Lundy Lane to the west.

Pardee Homes (“Developer”) is developing the land within the Improvement Area into a residential development of 294 planned single-family detached homes within the master planned community known as “Sundance.” The Developer has reported to the City that at buildout Sundance is expected to consist of approximately 4,450 residential units on approximately 1,195 acres of land, with 13.5 acres of commercial/industrial land uses and the balance set aside for public/quasi-public uses. The Developer expects the Sundance community will be nearly built out by June 2021; with the exception of an age-restricted section that will not be completed until 2025.

Pursuant to the property appraisal report dated April 1, 2020, of the 294 single-family lots mapped within the Improvement Area, 224 had been completed and conveyed to individual homeowners, 13 had been completed and were owned by the Developer, 20 were in various stages of construction, and 37 were in finished lot condition. Between April 1, 2020, and May 5, 2020, an additional 4 homes were placed under contract to be

sold to individual homeowners. Home sales within the Improvement Area began in 2017 and the Developer anticipates that all remaining units will be transferred to individual homeowners by June 30, 2021.

In early March, the World Health Organization declared COVID-19 a global pandemic. A state of emergency was declared in the United States, in the State of California (“State”), and in the County of Riverside. As a result, the State issued a shelter-in-place order or similar mandates for individuals not engaged in essential activities to remain at home. In the County of Riverside, residential homebuilding has been considered an essential activity, which has allowed the Developer to continue operations in the City.

While development progress in the Improvement Area is subject to delays caused by COVID-19, the Developer has not experienced any material increases in costs, delays in home construction resulting from decisions to reduce financing for the project, work stoppages, reduced attendance of workers, lack of or delays in the delivery of building materials or the ability to obtain necessary inspections and approvals attributable to the COVID-19 pandemic. The Developer’s sales offices remain open and model home tours are by appointment during morning hours while walk-ins are permitted during the afternoon. In each case, visiting groups are limited to one per model home.

In its capacity as the legislative body of the District, there is one resolution for the City Council’s consideration this evening:

Resolution Authorizing the Issuance of the 2020 Bonds and Approving Certain Documents and Taking Other Actions in Connection Therewith.

**Discussion**

The proposed Special Tax Bonds, Series 2020 (“2020 Bonds”) are expected to be issued in a par amount of approximately \$13,260,000 with a final maturity of 2050. Proceeds from the 2020 Bonds will be primarily used to reimburse the Developer for the cost of facilities completed for the benefit of the Improvement Area. A description of such fees and facilities, which include but are not limited to street and road improvements and development impact fees, is provided in the preliminary official statement (“POS”).

Assuming City Council approves the resolution, the 2020 Bonds are expected to price the first week of June and close shortly thereafter. Provided in the table below are a few estimated financing statistics related to the 2020 Bonds, based on current market conditions, as well as the projected special tax levy on homes within the Improvement Area.

---

<b>Select Financing and Levy Statistics</b>	
Par Amount	\$13,260,000
True Interest Rate	4.19%
Average Annual Payments	\$784,300
Total Payments	\$24,313,292
FY 2020-2021 Projected Levy Per Parcel	\$2,109.18
Average Projected Levy Per Parcel FYs 2021-50*	\$2,883.42

---

*Based on Current Market Conditions as of May 8, 2020.*

*\*Projected Special Tax Levy Divided by Number of Developed Parcels (294).*

The average assigned rate for developed property within the Improvement Area is \$2,259.14 per parcel. As illustrated above, the Fiscal Year 2020-21 estimated applied special tax levy on developed parcels within the Improvement Area is \$2,109.18, providing a savings on average of \$149.86 per parcel, based on current market conditions. Such special taxes will increase at 2.0% per year pursuant to an existing agreement with the Developer. Based on current market conditions, the average projected special tax levy per developed parcel from Fiscal Years 2021-2050, which includes the 2% escalator, is estimated to be \$2,883.42.

The outbreak of COVID-19 and the resulting shelter-in-place and similar mandates have had a significant impact on the global economy. At the beginning of March, the financial markets experienced significant volatility, with the municipal bond market being no exception. Although a semblance of normalcy has since returned to the markets with several comparable transactions successfully pricing, interest rates are still very sensitive and will be subject to market conditions closer to the time of sale. The underwriter and municipal advisor will continue to keep staff apprised of market conditions and the impact, if any, on the financing economics.

As previously mentioned, the resolution before the City Council, acting as the legislative body of the District, authorizes the issuance of the 2020 Bonds and approves forms of the POS, the Indenture, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Acquisition Agreement and approves the preparation of the Appraisal.

As required under Section 5852.1 of the California Government Code, good faith estimates have been provided to the City by Urban Futures, Inc., the municipal advisor in consultation with Stifel, Nicolaus & Company, Incorporated, as underwriter of the 2020 Bonds as Attachment A.

**Fiscal Impact:**

The 2020 Bonds are paid from special taxes levied in the District. There is no fiscal impact to the City’s General Fund. The City will, however, be required to provide administration for the District, which is funded as part of the annual special tax levy.

As previously mentioned, the Fiscal Year 2020-21 estimated special tax levy on parcels of developed property within the Improvement Area is \$2,109.18, based on current market conditions. Such special taxes will increase at 2.0% per year pursuant to an existing agreement with the Developer. Based on current market conditions, the average projected levy per developed parcel from Fiscal Years 2021-2050 is \$2,883.42.

These figures are preliminary and subject to prevailing market conditions at the time of sale.

**Recommended Action:**

Waive the full reading and adopt by title only, “A Resolution of the City Council of the City of Beaumont, Acting as the Legislative Body of the City of Beaumont Community Facilities District No. 93-1, Authorizing the Issuance of Its (Improvement Area No. 8F) 2020 Special Tax Bonds in an Aggregate Principal Amount Not to Exceed \$15,000,000 and Approving Certain Documents and Taking Certain Other Actions in Connection Therewith.”

**Attachments:**

- A. Appraisal
- B. Resolution Authorizing the Issuance of Bonds
- C. Bond Indenture
- D. Bond Purchase Agreement
- E. Preliminary Official Statement – including the Continuing Disclosure Agreement
- F. Acquisition Agreement

ATTACHMENT A

**GOOD FAITH ESTIMATES**

The good faith estimates set forth herein are provided with respect to the 2020 Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by Urban Futures, Inc., the District’s Municipal Advisor (the “Municipal Advisor”) in consultation with Stifel (the “Original Purchaser”).

**Principal Amount.** The Municipal Advisor has informed the District that, based on the District’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount including net premium of the 2020 Bonds to be sold is \$13,415,607 (the “Estimated Principal Amounts”).

**True Interest Cost of the Refunding Bonds.** The Municipal Advisor has informed the District that, assuming that the respective Estimated Principal Amounts of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the 2020 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 2020 Bonds, is 4.03%.

**Finance Charge of the Bonds.** The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amounts of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the 2020 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2020 Bonds), is \$336,620. Additionally, there will be an annual Trustee and continuing disclosure fees for as long as the 2020 Bonds are outstanding.

**Amount of Proceeds to be Received.** The Municipal Advisor has informed the District that, assuming the Estimated Principal Amounts of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for sale of the 2020 Bonds, less the finance charge of the 2020 Bonds, as estimated above, and a debt service reserve of \$1,005,512 funded with proceeds of the 2020 Bonds, is \$12,073,475.

**Total Payment Amount.** The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amounts of the 2020 Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the 2020



Bonds, plus the finance charge for the 2020 Bonds, as described above, not paid with the respective proceeds of the 2020 Bonds, calculated to the final maturity of the 2020 Bonds, is \$24,313,292. Additionally, there will be an annual Trustee and continuing disclosure fees for as long as the 2020 Bonds are outstanding.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the 2020 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 2020 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of 2020 Bonds sold being different from the respective Estimated Principal Amounts, (c) the actual amortization of the 2020 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 2020 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 2020 Bonds and the actual principal amount of 2020 Bonds sold will be determined by the District based on various factors. The actual interest rates borne by the 2020 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the 2020 Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BEAUMONT, ACTING AS THE LEGISLATIVE BODY OF THE CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1, AUTHORIZING THE ISSUANCE OF ITS (IMPROVEMENT AREA NO. 8F) 2020 SPECIAL TAX BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000 AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the City Council (the “City Council,” and sometimes referred to as the “legislative body of the District”) of the City of Beaumont, California (the “City”), located in Riverside County, California, has heretofore undertaken proceedings and declared the necessity to issue bonds by the City of Beaumont Community Facilities District No. 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, pursuant to resolutions adopted by the City Council on June 29, 1993 and May 9, 2015, and the Act, the City formed the District and designated and annexed Improvement Area No. 8F thereto (“Improvement Area No. 8F”); and

WHEREAS, pursuant to a resolution adopted by the City Council on May 9, 2015, a bond proposition was submitted to the qualified electors within Improvement Area No. 8F and was approved by more than two-thirds of the votes cast at the elections held within Improvement Area No. 8F of the District on such date; and

WHEREAS, based upon the aforesaid resolutions and election, the District is authorized pursuant to the Act to issue bonds on behalf of Improvement Area No. 8F in an aggregate principal amount not to exceed \$25,000,000; and

WHEREAS, in order to effect the issuance of bonds in an aggregate principal amount not to exceed \$15,000,000 to be designated as the “City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8F) 2020 Special Tax Bonds” (the “Bonds”), the legislative body of the District desires to approve the forms, and authorize the execution and delivery, of a Bond Indenture, a Continuing Disclosure Agreement and a Bond Purchase Agreement for the Bonds; and

WHEREAS, in accordance with Government Code Section 53360.4, the legislative body of the District determines that a negotiated sale of the Bonds to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), in accordance with the terms of the Bond Purchase Agreement for the Bonds to be entered into by the District and the Underwriter (the “Bond Purchase Agreement”) will result in a lower overall cost to the District than a competitive sale; and

WHEREAS, the legislative body of the District determines that it is prudent in the management of its fiscal affairs to issue the Bonds; and

WHEREAS, pursuant to Section 53345.8 of the Act and the District’s Local Goals and Policies, unless the Bonds are escrowed or otherwise credit enhanced, the District may sell the Bonds if the legislative body of the District determines prior to the award of the sale of the Bonds that the value of the real property that would be subject to the special tax to pay debt service on the Bonds will be at least three (3) times the principal amount of the Bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on taxable property within Improvement Area No. 8F; and

WHEREAS, the legislative body of the District desires to authorize the preparation of an appraisal of the taxable real property within Improvement Area No. 8F (the “Appraisal”) which shall be prepared for the District by Integra Realty Resources, a state-certified real estate appraiser, as defined in Section 11340 of the California Business and Professions Code, in order for the legislative body of the District to make the above determination; and

WHEREAS, the legislative body of the District further wishes to approve the form of the Preliminary Official Statement with respect to the Bonds (the “Preliminary Official Statement”), presented at this meeting; and

WHEREAS, the legislative body of the District further desires to approve the form of an Acquisition Agreement relating to Improvement Area No. 8F, by and among the City, the District and Pardee Homes (the “Acquisition Agreement”); and

WHEREAS, in accordance with Government Code Section 5852.1, there has been presented to this City Council and disclosed to the public certain good faith estimates provided to the District by its municipal advisor (the “Municipal Advisor”) with respect to the Bonds, and the requirements of Section 5852.1 have been satisfied.

NOW, THEREFORE, the City Council of the City of Beaumont acting as the legislative body of City of Beaumont Community Facilities District No. 93-1 does hereby resolve as follows:

SECTION 1. Each of the above recitals is true and correct, as is each of the findings and determinations set forth therein, and each of said recitals, findings and determinations is adopted by the legislative body of the District.

SECTION 2. The issuance of the Bonds in an aggregate principal amount not to exceed \$15,000,000 is hereby authorized; and the exact principal amount to be issued shall be determined by the officer signing the Bond Purchase Agreement in accordance with Section 5 below. The Bonds shall mature on the dates and bear interest at the rates set forth in the Bond Purchase Agreement to be executed on behalf of the District in accordance with Section 5 hereof. The Bonds shall be governed by the terms and conditions of the Bond Indenture between the District and Wilmington Trust, National Association, as trustee, presented at this meeting (the “Bond Indenture”). The Bond Indenture shall be executed by one or more of the Mayor, City Manager, the Assistant City Manager, or the Finance Director of the City or the written designee of one of the foregoing (collectively, the “Authorized Officers”) and attested to by the City Clerk, substantially in the form presented at this meeting, with such additions thereto and

changes therein as the officer or officers executing the same deem necessary (a) to cure any ambiguity or defect therein, if such addition or change does not materially alter the substance or content thereof, (b) to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions as limited by Section 5 hereof, or (c) to conform any provisions therein to the Bond Purchase Agreement or the Official Statement delivered to the purchasers of the Bonds. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Bond Indenture by one or more Authorized Officers. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Bond Indenture.

SECTION 3. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Mayor and attested with the manual or facsimile signature of the City Clerk, and by the trustee to be selected by the City (the “Trustee”) to act as Trustee for the Bonds.

SECTION 4. The covenants set forth in the Bond Indenture above are hereby approved and shall be deemed to be covenants of the City Council, in its capacity as the legislative body of the District, and shall be complied with by the District and its officers.

SECTION 5. The form of the Bond Purchase Agreement presented at this meeting and the sale of the Bonds pursuant thereto are hereby approved, provided that the true interest cost on the Bonds does not exceed 5.00% and the discount at which the Underwriter purchases the Bonds (exclusive of original issue discount) does not exceed 1.20% of the principal amount thereof. Any one of the Authorized Officers is hereby authorized to execute the Bond Purchase Agreement, with such additions thereto and changes therein as the officer executing it may approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. Each of the Mayor, or his designee, the City Manager, or his designee, the Assistant City Manager, or her designee, and the Finance Director, or his designee, is authorized to determine the day on which the Bonds are to be priced in order to attempt to produce the lowest borrowing cost for the District and may reject any terms presented by the Underwriter if determined not to be in the best interest of the District.

SECTION 6. The form of the Continuing Disclosure Agreement presented at this meeting is hereby approved; and any one of the Authorized Officers is hereby authorized and directed to execute the Continuing Disclosure Agreement in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary to cure any defect or ambiguity therein if such change does not materially alter the substance or content thereof, with such approval to be conclusively evidenced by the execution and delivery of such Continuing Disclosure Agreement.

SECTION 7. In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the value of the real property in Improvement Area No. 8F subject to the special tax to pay debt service on the Bonds is not less than three (3) times the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area No. 8F. This determination is based on the appraised value of the property in Improvement Area No. 8F subject to the special tax as set

forth in the Appraisal, which Appraisal shall be made in a manner consistent with the District's policies adjusted pursuant to Section 53312.7 of the Act.

SECTION 8. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof is hereby approved, with such changes, insertions and omissions therein as may be approved by any of the Authorized Officers, acting alone, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

SECTION 9. The preparation and delivery of the Official Statement, and its use in connection with the offering and sale of the Bonds is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the District, to execute the final Official Statement and any amendment or supplement thereto.

SECTION 10. The form of the Acquisition Agreement presented at this meeting is hereby approved; and any one of the Authorized Officers is hereby authorized and directed to execute the Acquisition Agreement in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary to cure any defect or ambiguity therein if such change does not materially alter the substance or content thereof, with such approval to be conclusively evidenced by the execution and delivery of such Acquisition Agreement.

SECTION 11. Each of the Authorized Officers is authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to, effecting the completion of the Appraisal, and obtaining legal services, municipal advisor services, special tax consultant services, trustee services and any other services deemed appropriate by an Authorized Officer. Any one of the Authorized Officers is authorized to pay for the cost of such services, together with other costs of issuance for the Bonds from the proceeds of the Bonds.

SECTION 12. The City Council hereby finds and declares that the issuance of the Bonds complies with the Debt Issuance and Management Policy adopted by the City with respect to debt financing.

SECTION 13. In accordance with Government Code section 5852.1, good faith estimates of the following have been obtained from the Municipal Advisor and presented in the staff report for the meeting at which this resolution is adopted: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, including an estimate of the costs of issuance, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded

with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds. On the basis of this information, the City Council finds and determines that the provisions of Government Code section 5852.1 have been satisfied with respect to the authorization of the Bonds.

SECTION 14. Each of the Authorized Officers and the other officers and staff of the City of Beaumont and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and to execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the Bonds in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as described in the Bond Indenture. Any document authorized herein to be signed by the City Clerk may be signed by a duly-appointed deputy city clerk or assistant city clerk.

PASSED AND ADOPTED by the City Council of the City of Beaumont, California, this 19th day of May, 2020, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
MAYOR OF THE CITY OF BEAUMONT

ATTEST:

\_\_\_\_\_  
CITY CLERK

**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. 8F)  
2020 SPECIAL TAX BONDS**

**Dated as of \_\_\_\_\_ 1, 2020**

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**BOND INDENTURE**

THIS BOND INDENTURE dated as of \_\_\_\_\_ 1, 2020, by and between CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1 (the “District”) and WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee (the “Trustee”), governs the terms of the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8F) 2020 Special Tax Bonds issued in accordance herewith.

**RECITALS:**

WHEREAS, the City Council of the City of Beaumont, located in Riverside County, California (hereinafter sometimes referred to as the “legislative body of the District” or the “City”), has heretofore undertaken proceedings and declared the necessity to issue bonds on behalf of Improvement Area No. 8F of the District pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the “Act”); and

WHEREAS, the legislative body of the District adopted a Resolution on May 9, 2015, and held elections within Improvement Area No. 8F on May 9, 2015 to authorize the levy of a special tax and the issuance of bonds by the District for Improvement Area No. 8F, in an aggregate principal amount not to exceed \$25,000,000; and

WHEREAS, the legislative body of the District desires to finance certain public improvements (the “Facilities”) eligible for financing by the District on behalf of Improvement Area No. 8F through the issuance of bonds in an aggregate principal amount of \$\_\_\_\_\_ designated as the “City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8F) 2020 Special Tax Bonds” (the “Bonds”), to fund a deposit to the Reserve Account, and to pay certain costs related to the issuance of the Bonds; and

WHEREAS, the Bonds are to be issued and sold in accordance with a resolution of the City Council of the City, acting in its capacity as the legislative body of the District, adopted on \_\_\_\_\_, 2020, and with this Indenture; and

WHEREAS, the District has determined that all requirements of the Act and the applicable provisions of the policies of the City for the issuance of the Bonds under the Act have been satisfied; and

WHEREAS, upon their issuance, the Bonds will be the only outstanding bonds of the District issued on behalf of Improvement Area No. 8F and the District may issue Parity Bonds or Subordinated Bonds on behalf of Improvement Area No. 8F in the future in accordance herewith but shall not issue any bonds or indebtedness that have a lien, charge, pledge or encumbrance on the Net Taxes that is senior or superior to the lien, charge, pledge and encumbrance thereon for the Bonds;

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby

covenant and agree, for the benefit of the Owners of the Bonds which may be issued hereunder from time to time, as follows:

**ARTICLE I**

**DEFINITIONS**

**Section 1.1 Definitions.** Unless the context otherwise requires, the following terms shall have the following meanings:

“Account” means any account created pursuant to this Indenture.

“Acquisition Agreement” means that certain Acquisition Agreement relating to Improvement Area No. 8F of the District, by and among the City, the District and Pardee Homes, a California corporation, together with any amendments thereto.

“Acquisition and Construction Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 *et seq.* of the California Government Code.

“Administrative Expenses” means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, the District or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, the District or any designee thereof of complying with continuing disclosure requirements of the City, the District or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, the District or any designee thereof related to an appeal of any Special Tax levy; the costs associated with the release of funds from an escrow account; and the City’s annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator (as defined in the RMA) or advanced by the City or the District for any other administrative purposes of the District, including attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure action to collect delinquent Special Taxes.

“Administrative Expense Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Administrative Expenses Cap” means \$30,000.

“Annual Debt Service” means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled.

“Authorized Representative of the District” means the Mayor of the legislative body of the District, the City Manager, the Assistant City Manager, the Director of Finance or any other person or persons designated by the Mayor of the legislative body of the District, the City Manager, the Assistant City Manager or the Director of Finance by a written certificate signed by one of such officers of the City and containing the specimen signature of each such person.

“Bond Counsel” means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Register” means the books which the Trustee shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

“Bondowner” or “Owner” means the person or persons in whose name or names any Bond or Parity Bond is registered.

“Bonds” means the District’s (Improvement Area No. 8F) 2020 Special Tax Bonds issued on \_\_\_\_\_, 2020 in the aggregate principal amount of \$\_\_\_\_\_.

“Bond Year” means the twelve-month period ending on September 1 of each year; provided, however, that the first Bond Year shall begin on the Delivery Date and end on September 1, 2020.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Trustee is located, are not required or authorized to remain closed.

“Certificate of an Authorized Representative” means a written certificate or warrant request executed by an Authorized Representative of the District.

“Certificate of the Special Tax Consultant” means a certificate of Webb Municipal Finance LLC, or any successor entity appointed by the District, to administer the calculation and collection of the Special Taxes.

“City” means the City of Beaumont, California.

“Code” means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate dated \_\_\_\_\_, 2020, executed and delivered by the District, together with any amendments thereto.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Trustee, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the preliminary and final official statements for the Bonds and Parity Bonds, fees of financial consultants, fees of special tax consultants and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative of the District.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Delivery Date” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

“Depository” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Bonds, including any such successor appointed pursuant to Section 2.16 hereof.

“Developed Property” has the meaning ascribed to it in the RMA.

“District” means City of Beaumont Community Facilities District No. 93-1 established pursuant to the Act and the Resolution of Formation.

“Event of Default” shall mean the “event of default” described in Section 8.1 hereof.

“Federal Securities” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasuries”) or obligations for which the full faith and credit of the United States of America are unconditionally pledged for the payment of interest and principal, (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by Standard & Poor’s and Moody’s, respectively (or any combination thereof).

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

“Fitch” means Fitch Ratings, New York, New York, or its successors, and if such organization shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“Gross Taxes” means the amount of all Special Taxes received by the District from the Treasurer, together with all payments made with respect to tax-defaulted parcels (including all delinquent and redemption penalties, fees and costs) and the proceeds collected from the sale of property pursuant to the foreclosure provisions of this Indenture.

“Improvement Area No. 8F” means Improvement Area No. 8F within the District.

“Indenture” means this Bond Indenture, together with any Supplemental Indenture approved pursuant to Article VI hereof.

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom:

- (1) is in fact independent and not under the domination of the District or the City;

(2) does not have any substantial interest, direct or indirect, in Improvement Area No. 8F, the District or the City; and

(3) is not connected with the District or the City as a member, officer or employee of the District or the City, but who may be regularly retained to make annual or other reports to the District or the City.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at [www.emma.msrb.org](http://www.emma.msrb.org); provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other organizations providing information with respect to called bonds as the District may designate to the Trustee in writing.

“Interest Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Interest Payment Date” means each March 1 and September 1, commencing [September 1, 2020]; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next succeeding such date.

“Investment Agreement” means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in subsection (11) of the definition of Permitted Investments herein.

“Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year:

- (1) the principal amount of all Outstanding Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and
- (2) the interest payable on the aggregate principal amount of all Bonds and Parity Bonds Outstanding in such Bond Year if the Bonds and Parity Bonds are retired as scheduled.

“Moody’s” means Moody’s Investors Service, New York, New York, or its successors, and if such organization shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“Net Taxes” means Gross Taxes minus amounts set aside to pay Administrative Expenses up to the Administrative Expenses Cap.

“Nominee” shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.16 hereof.

“Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds theretofore issued by the District, except:

- (1) Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with Section 10.1 hereof;

(2) Bonds and Parity Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Indenture or any applicable Supplemental Indenture for Parity Bonds; and

(3) Bonds and Parity Bonds which have been surrendered to the Trustee for transfer or exchange pursuant to Section 2.9 hereof or for which a replacement has been issued pursuant to Section 2.10 hereof.

“Parity Bonds” means all bonds, notes or other similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided in this Indenture or any Supplemental Indenture, rank on a parity with the Bonds, pursuant to Section 9.2 hereof.

“Participants” shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as a securities depository.

“Permitted Investments” means any of the following that at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided that the Trustee may rely upon investment direction of the District as a determination that such investment is a legal investment):

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(a) Federal Home Loan Mortgage Corporation (FHLMC)

(i) Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

(ii) Senior Debt obligations

(b) Farm Credit Banks (formerly: Federal Land Banks, Federal

(i) Intermediate Credit Banks and Banks for Cooperatives)



- (ii) Consolidated system-wide bonds and notes
- (c) Federal Home Loan Banks (FHL Banks)
  - (i) Consolidated debt obligations
- (d) Federal National Mortgage Association (FNMA)
  - (i) Senior debt obligations
  - (ii) Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- (e) Financing Corporation (FICO)
  - (i) Debt obligations
- (f) Resolution Funding Corporation (REFCORP)
  - (i) Debt obligations

4. Bank deposit products, unsecured certificates of deposit (including those placed by a third party pursuant to an agreement between the District and the Trustee), trust funds, trust accounts, overnight banking deposits, interest bearing deposits, interest bearing money market accounts, time deposits, demand deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated "A-1" or "A-2" without regard to qualifier by a nationally recognized rating agency service.

5. Deposits (including bank deposit products) the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), or collateralized by Permitted Investments described in (1) above, in banks (including the Trustee and any affiliate) which have capital and surplus of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days rated "A-1" by Standard & Poor's or "Prime-1" by Moody's.

7. Money market mutual funds rated "AAm" or "AAm-G" by a nationally recognized rating agency service, or better (including those for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise) but excluding such funds with a floating net asset value.

8. "State Obligations," which means:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by Standard & Poor's, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated “A-1+” by Standard & Poor’s or “Prime-1” by Moody’s.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated “AA” or better by Standard & Poor’s or “Aa” or better by Moody’s.

9. Pre-refunded municipal obligations rated “AAA” by Standard & Poor’s or “Aaa” by Moody’s meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the paying agent for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or paying agent in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the paying agent or escrow agent.

10. Repurchase or reverse repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank or any non-bank financial institution or primary dealer as designated by the Federal Reserve, the long term debt of which is rated at least “BBB+” by Standard & Poor’s or Moody’s (including the Trustee or any of its affiliates); or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “BBB+” by Standard & Poor’s or Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors

Protection Corporation; or (3) any other entity rated “BBB+” or better by Standard & Poor’s or Moody’s, provided that:

(a) The collateral shall be securities described in clause 1(a), (b) or (c) of this subsection, and the market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee or the District to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

(b) The Trustee or a third party acting solely as agent therefor or for the District (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

(c) The repurchase or reverse repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase or reverse repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or Standard & Poor’s is withdrawn or suspended or falls below “BBB” by Standard & Poor’s or “Baa2” by Moody’s, as appropriate, the provider must, at the direction of Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Trustee or the District.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least “A” by Standard & Poor’s or Moody’s, respectively.

11. Investment agreements with a domestic or foreign bank or a non-bank financial institution or a 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 an insurance company, claims paying ability, of the guarantor is rated at least “A” by Standard & Poor’s or “A2” by Moody’s; provided that, by the terms of the investment agreement:

(a) interest payments are to be made to the Trustee or the District at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Improvement Fund, construction draws) on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice; the Trustee or the District hereby agrees to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks *pari passu* with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

(d) the Trustee and the District receives the opinion of domestic counsel (which opinion shall be addressed to Trustee and the District that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Trustee and the District;

(e) the investment agreement shall provide that if during its term

(i) the provider's rating by either Standard & Poor's or Moody's falls below "BBB" or "Baa2," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (y) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is at least 102% of the deposit plus accrued interest; or (z) repay the principal of and accrued but unpaid interest on the investment; and

(ii) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below "BBB" or "Baa3," respectively, the provider must, at the direction of the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee or District; and

(f) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(g) the investment agreement must provide that if during its term

(i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee or the District, and

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated

and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee or the District.

12. The State of California Local Agency Investment Fund.

“Person” means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

“Prepayments” means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in Improvement Area No. 8F made in accordance with the RMA.

“Principal Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Principal Office of the Trustee” means the office of the Trustee located in Costa Mesa, California, or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as Trustee under indentures pursuant to which municipal or governmental obligations are issued.

“Proceeds Fund” means the fund by that name created and established pursuant to Section 3.1 hereof.

“Project” means those public facilities described in the Acquisition Agreement which are to be acquired or constructed within and outside of Improvement Area No. 8F, including all engineering, planning and design services and other incidental expenses related to such facilities.

“Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds or any Parity Bonds, including, but not limited to, remarketing, credit enhancement, Trustee and other fees and expenses relating to the issuance of the Bonds or any Parity Bonds, and to pay any other “incidental expenses” of the District, as such term is defined in the Act.

“Rating Agency” means Fitch, Moody’s and Standard & Poor’s, or any one of such entities, as the context requires.

“Rebate Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“Representation Letter” shall mean the Blanket Letter of Representations from the District to the Depository as described in Section 2.13 hereof.

“Reserve Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Reserve Requirement” means that amount as of any date of calculation equal to the lesser of (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any, (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; and (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds. Notwithstanding the foregoing, in no event shall the Reserve Requirement exceed \$\_\_\_\_\_, the initial Reserve Requirement.

“Resolution of Formation” means the Resolution adopted by the City Council on May 9, 2015 pursuant to which the City formed Improvement Area No. 8F, and authorized the levy of Special Taxes therein.

“RMA” means that certain Rate and Method of Apportionment for the District approved pursuant to the Resolution of Formation as it may be amended in accordance with the Act.

“Sinking Fund Payment” means the annual payment to be deposited in the Principal Account to redeem a portion of the Term Bonds in accordance with the schedules set forth in Section 4.1(b) hereof and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

“Special Tax Fund” means the fund by that name created and established pursuant to Section 3.1 hereof.

“Special Taxes” means the taxes authorized to be levied by the legislative body of the District on property within Improvement Area No. 8F as a Special Tax for Facilities in accordance with the Resolution of Formation, the Act, the RMA and the voter approval obtained at the May 9, 2015 election in Improvement Area No. 8F.

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business or its successors and if such organization shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“Subordinated Bonds” means any bonds or indebtedness of the District that have a lien, charge, pledge or encumbrance on the Net Taxes junior and subordinated to the lien, charge, pledge and encumbrance thereon for the Bonds and any Parity Bonds.

“Supplemental Indenture” means any supplemental indenture amending or supplementing this Indenture.

“Surplus Fund” means the fund by that name created and established pursuant to Section 3.1 hereof.

“Tax Certificate” means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Taxable Property” has the meaning ascribed to it in the RMA.

“Term Bonds” means the Bonds maturing on September 1, 20\_\_, September 1, 20\_\_ and on September 1, 20\_\_, and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

“Treasurer” means the Treasurer-Tax Collector of the County of Riverside, or his or her written designee.

“Trustee” means Wilmington Trust, National Association, a national banking association duly organized and existing under the laws of the United States, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated, with respect to the Bonds and, with respect to each issue of Parity Bonds, the institution or institutions, if any, with whom the District enters into a purchase contract for the sale of such issue.

**ARTICLE II**

**GENERAL AUTHORIZATION AND BOND TERMS**

**Section 2.1 Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds.**

Under and pursuant to the Act, the Bonds in the aggregate principal amount of \$\_\_\_\_\_, together with any Parity Bonds authorized by the legislative body in accordance with Section 9.2 hereof, shall be issued for the purpose of financing the Project, paying Costs of Issuance and funding a Reserve Account. The Bonds and any Parity Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and the other amounts in the Special Tax Fund.

**Section 2.2 Type and Nature of Bonds and Parity Bonds.**

Neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the City nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund, as more fully described herein. The District’s limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District’s property, or upon any of its income, receipts or revenues, except the Net Taxes and other amounts in the Special Tax Fund which are, under the terms of this Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon and neither the members of the legislative body of the District or

the City Council of the City nor any persons executing the Bonds or any Parity Bonds, are liable personally on the Bonds or any Parity Bonds, by reason of their issuance.

Notwithstanding anything to the contrary contained in this Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds or any Parity Bonds, or for the performance of any covenants contained herein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

**Section 2.3 Equality of Bonds and Parity Bonds and Pledge of Net Taxes.** Pursuant to the Act and this Indenture, the Bonds and any Parity Bonds shall be secured by a pledge, charge, lien and encumbrance upon and equally payable from the Net Taxes and other amounts in the Special Tax Fund, without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund, which are hereby set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by this Indenture or any Supplemental Indenture. Notwithstanding any provision contained in this Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund shall no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Acquisition and Construction Fund, the Costs of Issuance Fund or the Administrative Expense Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in this Indenture or any Supplemental Indenture shall preclude: (i) subject to the limitations contained hereunder, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption and payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California; or (ii) the issuance, subject to the limitations contained herein, of Parity Bonds which shall be payable from Net Taxes.

**Section 2.4 Description of Bonds; Interest Rates.** The Bonds and any Parity Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds and any Parity Bonds of each issue shall be numbered as desired by the Trustee.

The Bonds shall be designated “CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1 (IMPROVEMENT AREA NO. 8F) 2020 Special Tax Bonds.” The Bonds shall be dated as of their Delivery Date and shall mature and be payable on September 1 in the years and in the aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below payable on [September 1, 2020] 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 or Parity Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full, in accordance with the terms of this Indenture, such Bonds and Parity Bonds shall then cease to bear interest. Interest due on the Bonds and Parity Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

**Section 2.5 Place and Form of Payment.** The Bonds and Parity Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and Parity Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Principal Office of the Trustee, or at the designated office of any successor Trustee. Interest on any Bond or Parity Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond or Parity Bond, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond or Parity Bond, in which event interest shall be payable from the dated date of such Bond or Parity Bond, as applicable; provided, however, that if at the time of authentication of such Bond or Parity Bond, interest is in default, interest on that Bond or Parity Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or

made available for payment on that Bond or Parity Bond, interest on that Bond or Parity Bond shall be payable from its dated date. Interest on any Bond or Parity Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond or Parity Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Owner.

**Section 2.6 Form of Bonds and Parity Bonds.** The definitive Bonds may be printed from steel engraved or lithographic plates or may be typewritten. The Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of such Bonds and of the certificate of authentication. Each issue of Parity Bonds and the certificate of authentication therefor shall be in the form provided in the Supplemental Indenture for such issue of Parity Bonds.

Until definitive Bonds or Parity Bonds, as applicable, shall be prepared, the District may cause to be executed and delivered in lieu of such definitive Bonds or Parity Bonds temporary bonds in typed, printed, lithographed or engraved form and in fully registered form, subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds or Parity Bonds, except that they may be in any denominations authorized by the District. Until exchanged for definitive Bonds or Parity Bonds, as applicable, any temporary bond shall be entitled and subject to the same benefits and provisions of this Indenture as definitive Bonds and Parity Bonds. If the District issues temporary Bonds or Parity Bonds, it shall execute and furnish definitive Bonds or Parity Bonds, as applicable, without unnecessary delay and thereupon any temporary Bond or Parity Bond may be surrendered to the Trustee at its office, without expense to the Owner, in exchange for a definitive Bond or Parity Bond of the same issue, maturity, interest rate and principal amount in any authorized denomination. All temporary Bonds or Parity Bonds so surrendered shall be cancelled by the Trustee and shall not be reissued.

**Section 2.7 Execution and Authentication.** The Bonds and Parity Bonds shall be signed on behalf of the District by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Clerk, or any duly appointed deputy City Clerk, in their capacity as officers of the District. In case any one or more of the officers who shall have signed any of the Bonds or Parity Bonds shall cease to be such officer before the Bonds or Parity Bonds so signed have been authenticated and delivered by the Trustee (including new Bonds or Parity Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or Parity Bonds or to lost, stolen, destroyed or mutilated Bonds or Parity Bonds), such Bonds and Parity Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed such Bonds or Parity Bonds had not ceased to hold such office.

Only the Bonds as shall bear thereon such certificate of authentication in the form set forth in Exhibit A attached hereto shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee.

**Section 2.8 Bond Register.** The Trustee will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which shall upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in Section 2.9 below, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as herein provided.

The District and the Trustee may treat the Owner of any Bond or Parity Bond whose name appears on the Bond Register as the absolute Owner of that Bond or Parity Bond for any and all purposes, and the District and the Trustee shall not be affected by any notice to the contrary. The District and the Trustee may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Trustee of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

**Section 2.9 Registration of Exchange or Transfer.** Subject to the limitations set forth in the following paragraph, the registration of any Bond or Parity Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation at the office of the Trustee, accompanied by delivery of written instrument of transfer in a form acceptable to the Trustee and duly executed by the Bondowner or his or her duly authorized attorney.

Bonds or Parity Bonds may be exchanged at the office of the Trustee for a like aggregate principal amount of Bonds or Parity Bonds for other authorized denominations of the same maturity and issue. The Trustee shall not collect from the Owner any charge for any new Bond or Parity Bond issued upon any exchange or transfer, but shall require the Bondowner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds or Parity Bonds shall be surrendered for registration of transfer or exchange, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds or a new Parity Bond or Parity Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee shall not be required to register transfers or make exchanges of (i) Bonds or Parity Bonds for a period of 15 days next preceding any selection of the Bonds or Parity Bonds to be redeemed; or (ii) any Bonds or Parity Bonds chosen for redemption.

**Section 2.10 Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds.** If any Bond or Parity Bond shall become mutilated, the District shall execute, and the Trustee shall authenticate and deliver, a new Bond or Parity Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond or Parity Bond so mutilated, but only upon surrender to the Trustee of the Bond or Parity Bond so mutilated. Every mutilated Bond or Parity Bond so surrendered to the Trustee shall be cancelled by the Trustee pursuant to Section 10.1 hereof. If any Bond or Parity Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and, if any indemnity satisfactory to the Trustee shall be given, the District shall execute and the Trustee shall authenticate and deliver, a new Bond or Parity Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Trustee shall determine in lieu of and in substitution for the Bond or Parity Bond so lost, destroyed or stolen. Any Bond or Parity Bond issued in lieu of any Bond or Parity Bond alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately entitled to the benefits hereof with all other Bonds and Parity Bonds issued hereunder. The Trustee shall not treat both the original Bond or

Parity Bond and any replacement Bond or Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding hereunder, but both the original and replacement Bond or Parity Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond or Parity Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Bonds or Parity Bonds.

**Section 2.11 Validity of Bonds and Parity Bonds.** The validity of the authorization and issuance of the Bonds and any Parity Bonds shall not be affected in any way by any defect in any proceedings taken by the District and the recital contained in the Bonds or any Parity Bonds that the same are issued pursuant to the Act and other applicable laws of the State shall be conclusive evidence of their validity and of the regularity of their issuance.

**Section 2.12 Book-Entry System.** The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered in the registration books kept by the Trustee in the name of the Nominee as nominee of the Depository. Except as provided in Section 2.14 hereof, all of the Outstanding Bonds shall be registered in the registration books kept by the Trustee in the name of the Nominee. At the election of the District, any Parity Bonds may also be issued as book-entry bonds registered in the name of the Nominee as provided herein, in which case the references in Sections 2.12 through 2.15 to “Bonds” shall be applicable to such Parity Bonds.

With respect to Bonds registered in the registration books kept by the Trustee in the name of the Nominee, the District and the Trustee shall have no responsibility or obligation to any such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The District and the Trustee may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the District’s obligations with respect to payment of the principal, premium, if any, and interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the registration books kept by the Trustee, shall receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee and the District of written notice to

the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

**Section 2.13 Representation Letter.** In order to qualify the Bonds and any Parity Bonds which the District elects to register in the name of the Nominee for the Depository’s book-entry system, an authorized representative of the District is hereby authorized to execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.12 or in any other way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the registration books kept by the Trustee. The Trustee agrees to take all action necessary to continuously comply with all representations made with respect to the Trustee in the Representation Letter. In addition to the execution and delivery of the Representation Letter, each Authorized Representative of the District is hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository’s book-entry program.

**Section 2.14 Transfers Outside Book-Entry System.** In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Depository shall no longer so act, then the District will discontinue the book-entry system with the Depository. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds so designated shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of the Nominee, but shall be registered in whatever name or names Persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 2.9 hereof.

**Section 2.15 Payments to the Nominee.** Notwithstanding any other provisions of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

**Section 2.16 Initial Depository and Nominee.** The initial Depository under this Article II shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

**ARTICLE III**

**CREATION OF FUNDS AND APPLICATION OF PROCEEDS**

**Section 3.1 Creation of Funds; Application of Proceeds.**

(a) There is hereby created and established and shall be maintained by the Trustee the following funds and accounts in accordance with the terms of this Article:

(1) The City of Beaumont Community Facilities District No. 93-1 Improvement Area No. 8F Proceeds Fund (the “Proceeds Fund”).

(2) The City of Beaumont Community Facilities District No. 93-1 Improvement Area No. 8F Special Tax Fund (the “Special Tax Fund”) (in which there shall be established and created an Interest Account, a Principal Account, a Redemption Account and a Reserve Account).

(3) The City of Beaumont Community Facilities District No. 93-1 Improvement Area No. 8F Rebate Fund (the “Rebate Fund”).

(4) The City of Beaumont Community Facilities District No. 93-1 Improvement Area No. 8F Acquisition and Construction Fund (the “Acquisition and Construction Fund”).

(5) The City of Beaumont Community Facilities District No. 93-1 Improvement Area No. 8F Costs of Issuance Fund (the “Costs of Issuance Fund”).

(6) The City of Beaumont Community Facilities District No. 93-1 Improvement Area No. 8F Surplus Fund (the “Surplus Fund”).

(7) The City of Beaumont Community Facilities District No. 93-1 Improvement Area No. 8F Administrative Expense Fund (the “Administrative Expense Fund”).

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Trustee and the Trustee shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of this Article III and shall disburse investment earnings thereon in accordance with the provisions of Sections 3.11 hereof.

In connection with the issuance of any Parity Bonds, the Trustee, at the direction of an Authorized Representative of the District, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

(b) The proceeds of the sale of the Bonds shall be received by the Trustee on behalf of the District and deposited in the Proceeds Fund, which proceeds shall be deposited and transferred as follows:

(1) \$\_\_\_\_\_ shall be deposited to the Costs of Issuance Fund to pay the Costs of Issuance of the Bonds;

(2) \$\_\_\_\_\_ shall be deposited to the Acquisition and Construction Fund to pay Project Costs; and

(3) \$\_\_\_\_\_ shall be deposited to the Reserve Account of the Special Tax Fund to fund the Reserve Requirement.

Upon making the deposits and transfers set forth in this subsection (b), the Trustee shall close the Proceeds Fund. The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

**Section 3.2 Deposits to and Disbursements from Special Tax Fund.**

(a) Except for Prepayments which shall be deposited to the Redemption Account as specified in a Certificate of an Authorized Representative, the Trustee shall, on each date on which

the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

- (1) the Administrative Expense Fund;
- (2) the Interest Account of the Special Tax Fund;
- (3) the Principal Account of the Special Tax Fund;
- (4) the Redemption Account of the Special Tax Fund;
- (5) the Reserve Account of the Special Tax Fund;
- (6) the Rebate Fund; and
- (7) the Surplus Fund.

(b) At maturity of all of the Bonds and Parity Bonds and, after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for and any amounts owed to the Trustee have been paid in full, moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

**Section 3.3 Administrative Expense Fund.** The Trustee shall deposit in the Administrative Expense Fund from time to time amounts necessary to make timely payment of Administrative Expenses; provided, however, that, the total amount transferred in a Bond Year shall not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the Reserve Account to the Reserve Requirement.

**Section 3.4 Interest Account and Principal Account of the Special Tax Fund.** The principal of and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon optional or extraordinary redemption, shall be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by Section 3.3, at least five Business Days prior to each March 1 and September 1, the Trustee shall make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, then any deficiency shall be made up by transfers from the Reserve Account:

(a) To the Interest Account, an amount such that the balance in the Interest Account five Business Days prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account shall be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account five Business Days prior to September 1 of each year, commencing September 1, [2020], shall equal the principal payment due on the Bonds and any Parity Bonds on such September 1, whether at maturity or by Sinking Fund Payment, and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due at maturity or by Sinking Fund Payment.

**Section 3.5 Redemption Account of the Special Tax Fund.**

(a) After making the transfer to the Administrative Expense Fund, the Interest Account and the Principal Account of the Special Tax Fund pursuant to Sections 3.3 and 3.4 above, and in accordance with the District’s election to call Bonds for optional redemption as set forth in Section 4.1(a) hereof, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee shall establish the Redemption Account and transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

(b) Prepayments deposited to the Redemption Account, along with any amounts that an Authorized Officer of the District directs to be transferred from the Reserve Account to the Redemption Account in connection with any Prepayments, shall be applied on the redemption date established pursuant to Section 4.1(c) hereof for the use of such Prepayments to the payment of the principal of, premium, and interest on the Bonds and Parity Bonds to be redeemed with such Prepayments; provided that amounts shall be transferred from the Reserve Account only if immediately following such redemption the amount in the Reserve Account will meet the Reserve Requirement.

(c) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender of such Bonds or Parity Bonds and in the case of an optional redemption or an extraordinary redemption from Prepayments to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account may be used to purchase Outstanding Bonds or Parity Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption or an extraordinary redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to Section 4.1(a) or 4.1(c) hereof, as applicable, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.



**Section 3.6 Reserve Account of the Special Tax Fund.** There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. The amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor and for the purpose of making any required transfer to the Rebate Fund pursuant to Section 3.7 hereof upon written direction from the District. If the amounts in the Interest Account or the Principal Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on the Bonds or any Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee shall withdraw from the Reserve Account for deposit in the Interest Account or the Principal Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in Sections 3.3, 3.4 and 3.5 above, the Trustee shall transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund shall be deemed available for transfer to the Reserve Account only if the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District, subject to any limitations in the Act, shall include the amount necessary to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates and the limitations of the Act.

(c) In connection with a redemption of Bonds pursuant to Section 4.1(a) or (c) or Parity Bonds in accordance with any Supplemental Indenture, or a partial defeasance of Bonds or Parity Bonds in accordance with Section 9.1 hereof, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The District shall set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to the Indenture to partially defease Bonds, and the Trustee shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of this section shall be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and shall be transferred to the Interest Account of the Special Tax Fund.

### **Section 3.7 Rebate Fund.**

(a) General. The Trustee shall establish and maintain, when needed, a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. The District shall cause to be deposited in the Rebate Fund such amounts as required under the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section 3.7 and the Tax Certificate.

Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final treasury regulations as may be applicable to the Bonds from time to time, which the District covenants to pay or cause to be paid to the United States at the times and in the amounts determined under the Tax Certificate. The Trustee agrees to comply with all instructions given to it by the District in accordance with this covenant. The Trustee shall conclusively be deemed to have complied with the provisions of this Section 3.7 and the Tax Certificate if it follows the instructions of the District and shall not be required to take any actions hereunder in the absence of instructions from the District.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund with respect to the Bonds and each series of Parity Bonds after payment in full of such issue and after making the payments required to comply with this Section 3.7 and the applicable Tax Certificate for such issue may be withdrawn by the Trustee at the written direction of the District and utilized in any manner by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in this Section or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance and final payment of the Bonds and any Parity Bonds.

(d) Amendment Without Consent of Owners. This Section 3.7 may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis. Notwithstanding any provision of this Section, if the District shall provide to the Trustee an opinion of a nationally recognized bond or tax counsel that any specified action required under this Section 3.7 is no longer required or that some further or different action is required to maintain the tax-exempt status of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis, the Trustee and the District may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

**Section 3.8 Surplus Fund.** After making the transfers required by Sections 3.3, 3.4, 3.5, 3.6 and 3.7 hereof, as soon as practicable after each September 1, and in any event prior to each September 15, the Trustee shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing (i) that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to Section 5.2(b) hereof, or (ii) that certain amounts be transferred to the Acquisition and Construction Fund because such

amounts were included in the levy of Special Taxes for the previous Fiscal Year to pay for the acquisition or construction of the Project; provided, however, that, if a transfer is made to the Acquisition and Construction Fund and unexpended proceeds of the Bonds or an issue of Parity Bonds remain in the Acquisition and Construction Fund, the Trustee shall establish an account within the Acquisition and Construction Fund for amounts transferred from the Surplus Fund. Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the District (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (iii) to the Administrative Expense Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Fund are insufficient to pay Administrative Expenses; (iv) to the Acquisition and Construction Fund to pay Project Costs; or (v) for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested at the written direction of the District in Permitted Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Permitted Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

**Section 3.9 Costs of Issuance Fund.**

(a) The moneys in the Costs of Issuance Fund shall be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative of the District to pay Costs of Issuance, substantially in the form attached as Exhibit B, and all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such Certificate, and the Trustee may rely on such payment instructions with no duty to investigate or inquire as to their authenticity or the authority under which they were given.

(b) Upon the receipt of a Certificate of an Authorized Representative of the District stating that all or a specified portion of the amount remaining in the Costs of Issuance Fund is no longer needed to pay Costs of Issuance, the Trustee shall transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Costs of Issuance Fund to the Acquisition and Construction Fund. On the date which is six months after the date of issuance of each series of Bonds and Parity Bonds, all amounts remaining in the Costs of Issuance Fund shall be transferred to the Acquisition and Construction Fund and the Costs of Issuance Fund shall be closed.

**Section 3.10 Acquisition and Construction Fund.**

(a) The Trustee shall hold the moneys in the Acquisition and Construction Fund and apply such moneys to pay Project Costs. Amounts for Project Costs shall be disbursed by the Trustee on behalf of the District from the Acquisition and Construction Fund as specified in a Request for Disbursement of Project Costs, substantially in the form of Exhibit C attached hereto, which must be submitted by an Authorized Representative of the District to the Trustee in connection with each requested disbursement.

(b) Upon receipt of a Certificate of an Authorized Representative of the District stating that all or a specified portion of the amount remaining in the Acquisition and Construction Fund or in any of the accounts therein is no longer needed to pay Project Costs, the Trustee shall transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Acquisition and Construction Fund and the accounts therein to the Principal Account or Redemption Account of the Special Tax Fund or to the Surplus Fund, as directed in the Certificate, provided that in connection with any direction to transfer amounts to the Surplus Fund there shall have been delivered to the Trustee with such Certificate an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

**Section 3.11 Investments.** Moneys held in any of the Funds, Accounts and Subaccounts under this Indenture shall be invested at the written direction of the District in accordance with the limitations set forth below only in Permitted Investments which shall be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Permitted Investments shall be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on a Fund, Account or Subaccount shall be applied as follows: (i) investment earnings on all amounts deposited in the Costs of Issuance Fund, the Acquisition and Construction Fund, the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Reserve Account of the Special Tax Fund) shall be deposited in those respective Funds and Accounts, and (ii) investment earnings on all amounts deposited in the Reserve Account shall be deposited therein to be applied as set forth in Section 3.6. Moneys in the Funds, Accounts and Subaccounts held under this Indenture shall be invested by the Trustee as directed in writing by the District, from time to time, in Permitted Investments subject to the following restrictions:

(a) Moneys in the Costs of Issuance Fund and the Acquisition and Construction Fund shall be invested in Permitted Investments which will by their terms mature, or in the case of an Investment Agreement are available without penalty, as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Costs of Issuance Fund and the Acquisition and Construction Fund.

(b) Moneys in the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall be invested only in Permitted Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(c) Moneys in the Reserve Account of the Special Tax Fund may be invested only in Permitted Investments; provided that no such Permitted Investment of amounts in the Reserve Account shall mature later than the earlier of the final maturity date of the Bonds or any Parity Bonds.

(d) Moneys in the Rebate Fund shall be invested only in Permitted Investments of the type described in clause (1) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to Section 3.7 hereof or in Permitted Investments of the type described in clause (10) of the definition thereof as the District shall designate on forms provided by the Trustee.

(e) In the absence of written investment directions from the District, the Trustee shall invest solely in Permitted Investments specified in clause (7) of the definition thereof; and, if no such written direction is so received, the Trustee shall hold such moneys uninvested.

The Trustee shall sell, or present for redemption, any Permitted Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Funds and Accounts or from such Funds and Accounts. For the purpose of determining at any given time the balance in any such Funds and Accounts, any such investments constituting a part of such Funds and Accounts shall be valued at their cost, except that amounts in the Reserve Account shall be valued at the market value thereof at least annually within 5 Business Days prior to each September 1. In making any valuations hereunder, the Trustee may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything herein to the contrary, the Trustee shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Indenture.

The Trustee may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee for making such investment. The Trustee may sell at the best market price obtainable, or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and, subject to the provisions of Section 7.4, the Trustee shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

The Trustee shall furnish the District periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the District. Upon the District's election, such statements will be delivered via the Trustee's online service and, upon electing such service, paper statements will be provided only upon request. The District acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost, and other trade confirmations may be obtained from the applicable broker.

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1 Redemption of Bonds.

(a) Optional Redemption. The Bonds may be redeemed, at the option of the District from any source of funds, other than Prepayments, on any date on or after September 1, 20\_\_, in whole, or in part by lot, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, at the following redemption prices (expressed a percentages of the principal amount of the Bonds to be redeemed):

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and any date thereafter	100

In the event the District elects to redeem Bonds as provided above, the District shall give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds of each maturity to be redeemed. The notice to the Trustee shall be given at least 45 but no more than 60 days prior to the redemption date, or by such later date as is acceptable to the Trustee, in its sole discretion.

(b) Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 20\_\_ shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**BONDS MATURING SEPTEMBER 1, 20\_\_**

<i>Redemption Date</i> <i>(September 1)</i>	<i>Principal Amount</i>
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(maturity)

The Term Bonds maturing on September 1, 20\_\_ shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**BONDS MATURING SEPTEMBER 1, 20\_\_**

<i>Redemption Date</i> <i>(September 1)</i>	<i>Principal Amount</i>
--	-------------------------

(maturity)

The Term Bonds maturing on September 1, 20\_\_ shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**BONDS MATURING SEPTEMBER 1, 20\_\_**

<i>Redemption Date</i> <i>(September 1)</i>	<i>Principal Amount</i>
2043	\$ 725,000

(maturity)

If the District purchases Term Bonds during the Fiscal Year immediately preceding one of the sinking fund redemption dates specified above, the District is required to notify the Trustee at least 45 days prior to the redemption date as to the principal amount purchased, and the amount purchased will be credited at the time of purchase to the next Sinking Fund Payment for the Term Bond so purchased, to the extent of the full principal amount of the purchase. All Bonds purchased pursuant to this subsection shall be cancelled pursuant to Section 10.1 hereof.

In the event of a partial optional redemption or extraordinary mandatory redemption of the Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis in the amount of \$5,000 or any integral multiple thereof as directed by an Authorized Representative of the District.

(c) Extraordinary Redemption. The Bonds are subject to extraordinary redemption as a whole or in part, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to Section 3.2, plus amounts transferred from the Reserve Account pursuant to Section 3.6(c), at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Price</i>
Interest Payment Dates to and including March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and each Interest Payment Date thereafter	100

Prepayments and amounts released from the Reserve Account in connection with Prepayments will be allocated to the redemption of the Bonds and any Parity Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of the Bonds and any Parity Bonds and shall be applied to redeem Bonds and Parity Bonds as nearly as practicable on a pro rata basis among maturities in increments of \$5,000; provided, however, that, for Prepayments of less than \$50,000, the District may specify in a Certificate of an Authorized Representative that Prepayments be applied to one or more maturities of the Bonds or Parity Bonds so long as there is delivered to the Trustee a Certificate of the Special Tax Consultant that, following such redemption from Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Developed Property is not less than 110% of Maximum Annual Debt Service net of the Administrative Expense Cap.

(d) The redemption provisions for Parity Bonds shall be set forth in a Supplemental Indenture.

**Section 4.2 Selection of Bonds and Parity Bonds for Redemption.** If less than all of the Bonds or Parity Bonds Outstanding are to be redeemed, the portion of any Bond or Parity Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof. The procedure for the selection of Parity Bonds for redemption may be modified as set forth in the Supplemental Indenture for such Parity Bonds. So long as the Bonds are registered in the name of the Nominee, such Bonds or any portion thereof shall be selected by the Depository in accordance with its operating procedures.

**Section 4.3 Notice of Redemption.** When Bonds or Parity Bonds are due for redemption under Section 4.1 above or under another redemption provision set forth in a Supplemental Indenture relating to any Parity Bonds and the Trustee has received the required notice from the District, the Trustee shall give notice, in the name of the District, of the redemption of such Bonds or Parity Bonds; provided, however, that, with respect to a redemption to be made from Prepayments pursuant to Section 4.1(c), notice of redemption shall not be given unless there is on deposit with the Trustee sufficient money to pay the redemption price of the Bonds or Parity Bonds to be redeemed. With respect to any notice of optional redemption of the Bonds and any Parity Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of, premium if any, and interest on the Bonds and any Parity Bonds to be redeemed and upon other conditions set forth therein and that, if such money shall not have been so received and such other conditions shall not have been satisfied, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds or Parity Bonds. If any condition stated in the redemption notice for an optional redemption shall not have been satisfied on or prior to the redemption date: (i) the redemption notice shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds or Parity Bonds, (iii) the redemption shall not be made, and (iv) the Trustee shall within a reasonable time



thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Such notice of redemption shall (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds or Parity Bonds selected for redemption, except that where all of the Bonds or all of an issue of Parity Bonds are subject to redemption, or all the Bonds or Parity Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds or Parity Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds or Parity Bonds are to be redeemed; (v) in the case of Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond which is to be redeemed; (vi) state the date of issue of the Bonds or Parity Bonds as originally issued; (vii) state the rate of interest borne by each Bond or Parity Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds or Parity Bonds being redeemed as shall be specified by the Trustee. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond, Parity Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable.

At least 30 days but no more than 45 days prior to the redemption date, the Trustee shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register, and to the original purchaser of the Bonds or Parity Bonds, as applicable; provided, however, so long as the Bonds or Parity Bonds are registered in the name of the Nominee, notice shall be given in such manner as complies with the requirements of the Depository. So long as notice has been provided as set forth above, the actual receipt by the Owner of any Bond or Parity Bond or the original purchaser of any Bond or Parity Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds or Parity Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect or omission in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the legality or effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption shall be sent not later than the date that notice of redemption is sent to the Bondowners pursuant to the first paragraph of this Section by registered or certified mail or overnight delivery service to the Depository (if the Depository has not already received such notice of redemption as the registered owner of the Bonds or Parity Bonds, as applicable) and to the Information Services.

Upon the payment of the redemption price of any Bonds and Parity Bonds being redeemed, each check or other transfer of funds issued for such purpose shall to the extent practicable bear the CUSIP number identifying, by issue and maturity, the Bonds and Parity Bonds being redeemed with the proceeds of such check or other transfer.

**Section 4.4 Partial Redemption of Bonds or Parity Bonds.** Upon surrender of any Bond or Parity Bond to be redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Bondowner, at the expense of the District, a new Bond or Bonds or a new Parity Bond or Parity Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity or, in the case of surrender of a Parity Bond, a new Parity Bond or Parity Bonds subject to the foregoing limitations.

**Section 4.5 Effect of Notice and Availability of Redemption Money.** Notice of redemption having been duly given, as provided in Section 4.3 hereof, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

(a) the Bonds and Parity Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture or in any Supplemental Indenture with respect to any Parity Bonds, anything in this Indenture or in the Bonds or the Parity Bonds to the contrary notwithstanding;

(b) upon presentation and surrender thereof at the office of the Trustee, the redemption price of such Bonds and Parity Bonds shall be paid to the Owners thereof;

(c) as of the redemption date the Bonds or the Parity Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or Parity Bonds, or portions thereof, shall cease to bear further interest; and

(d) as of the date fixed for redemption no Owner of any of the Bonds, Parity Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or any Supplemental Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

**ARTICLE V**

**COVENANTS AND WARRANTY**

**Section 5.1 Warranty.** The District warrants that it shall preserve and protect the security pledged hereunder to the Bonds and any Parity Bonds against all claims and demands of all persons.

**Section 5.2 Covenants.** So long as any of the Bonds or Parity Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and this Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will instruct the Treasurer to deposit all Special Taxes with the Trustee as soon as reasonably practicable following their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided

by this Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with this Indenture to the extent that Net Taxes and other amounts pledged hereunder are available therefor, and that the payments into the Funds and Accounts created hereunder will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, and this Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued hereunder.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Special Taxes except as provided in this Indenture, and will not issue any obligation or security having a lien, charge, pledge or encumbrance upon the Net Taxes senior or superior to the Bonds or Parity Bonds or on a parity with the Bonds, other than Parity Bonds. Nothing herein shall prevent the District from issuing Subordinated Bonds or incurring other indebtedness which is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds.

(b) Levy of Special Tax. Beginning in Fiscal Year 2020-21 and so long as any Bonds or Parity Bonds issued under this Indenture are Outstanding, subject to the limitations set forth in the Act and the RMA, the legislative body of the District covenants to levy the Special Tax in an amount sufficient (taking into account reasonably anticipated delinquencies), together with other amounts on deposit in the Special Tax Fund, to pay (1) the principal of and interest on the Bonds and any Parity Bonds when due, (2) the Administrative Expenses, and (3) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

(c) Commence Foreclosure Proceedings. The District hereby covenants with and for the benefit of the Owners of the Bonds and the landowners of Improvement Area No. 8F securing such Bonds that it will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies within Improvement Area No. 8F, if the District determines that any single property owner subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of \$2,500 or more or as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within Improvement Area No. 8F, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) the District will cause judicial foreclosure proceedings to be filed in the Superior Court within ninety (90) days of such determination against all properties for which the Special Taxes remain delinquent.

The City Attorney is hereby authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel and costs and expenses of the City Attorney

(including a charge for City or District staff time) in conducting foreclosure proceedings shall be an Administrative Expense hereunder.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund, or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided, however, that nothing herein contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the improvements constructed with the proceeds of bonded indebtedness issued by the District, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Owners of not less than 10% of the principal amount of the Bonds or the Owners of not less than 10% of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) Federal Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other monies or property which would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code.

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-

exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds.

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

(7) Other Tax Exempt Issues. The District will not use proceeds of other tax exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis.

(g) Reduction of Maximum Special Taxes. The District hereby finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District hereby determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in Improvement Area No. 8F below the levels provided in Section 5.2(b) would interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for Improvement Area No. 8F, 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 Improvement Area No. 8F as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least the sum of the Administrative Expense Cap and 110% of gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds and Parity Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultant shall assume an amount equal to the Administrative Expenses Cap.

Notwithstanding the foregoing, the District may modify, alter or amend the RMA in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on Developed Property below the amounts which are necessary to pay Administrative Expenses and to provide Special Taxes in an amount equal to one hundred ten percent (110%) of Maximum Annual Debt Service on the Bonds and Parity Bonds Outstanding as of the date of such amendment.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in Improvement Area No. No. 8F which purports to reduce the maximum Special Tax below the levels specified in Section 5.2(b) above or to limit the power of the

District to levy the Special Taxes for the purposes set forth in Section 5.2(b) above, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(i) Limitation on Right to Tender Bonds. The District hereby covenants that it will not adopt any policy pursuant to Section 53344.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due.

(j) Continuing Disclosure. The District covenants to comply with the terms of the Continuing Disclosure Certificate and with the terms of any agreement executed by the District with respect to any Parity Bonds to assist the Underwriter in complying with Rule 15(c)2-12 adopted by the Securities and Exchange Commission.

(k) Further Assurances. The District shall preserve and protect the security pledged to the Bonds and any Parity Bonds against all claims and demands as long as the Bonds or Parity Bonds are Outstanding and shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or desirable to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits provided in this Indenture.

**ARTICLE VI**

**AMENDMENTS TO INDENTURE**

**Section 6.1 Supplemental Indentures or Orders Not Requiring Bondowner Consent.**

The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of this Indenture;

(d) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which

shall not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding; or

(e) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Bondowners.

**Section 6.2 Supplemental Indentures or Orders Requiring Bondowner Consent.**

Exclusive of the Supplemental Indentures described in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon; (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond; or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District shall desire to adopt a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Bondowners, the District shall so notify the Trustee and shall deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of this section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the

District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

**Section 6.3 Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds.** After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds or any Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date and presentation of his Bond or Parity Bond for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds or Parity Bonds. If the District shall so determine, new Bonds or Parity Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds or Parity Bonds shall be exchanged at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

**ARTICLE VII**

**TRUSTEE**

**Section 7.1 Trustee.** Wilmington Trust, National Association, shall be the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District hereunder. The Trustee represents that it has a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000. The District may, at any time, appoint a successor Trustee satisfying the requirements of Section 7.2 below for the purpose of receiving all money which the District is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture.

The Trustee is hereby authorized to and shall mail by first class mail, postage prepaid, or wire transfer in accordance with Section 2.5 above, interest payments to the Bondowners, to select Bonds and Parity Bonds that are not held in the name of the Nominee for redemption, and to maintain the Bond Register. The Trustee is hereby authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in this Indenture, and to provide for the authentication of Bonds and Parity Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Trustee shall keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Trustee is hereby authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee shall cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of Section 10.1 hereof.

The District shall indemnify and save the Trustee, its officers, directors, employees and agents, harmless against costs, claims, expenses and liabilities, including, without limitation, fees and expenses of its attorneys, not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder. The foregoing obligation



of the District to indemnify the Trustee shall survive the removal or resignation of the Trustee, the discharge of the Bonds or termination of this Indenture.

The Trustee shall receive reasonable compensation for its services hereunder and the Trustee shall be entitled to be reimbursed by the District for its other reasonable expenses hereunder, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Trustee may employ in connection with the exercise and performance of its rights and its duties hereunder. All such fees and reimbursements shall be paid solely from amounts held in the Administrative Expense Fund.

Except during the continuance of an Event of Default, the Trustee undertakes to perform only such duties as are specifically set forth in this Indenture, and no implied covenants, duties or obligations shall be read into this Indenture against the Trustee. If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent corporate Trustee.

**Section 7.2 Removal of Trustee.** The District may at any time at its sole discretion remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a written notice of its decision to remove the Trustee and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Trustee. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Bondowners of the successor Trustee's identity and address.

**Section 7.3 Resignation of Trustee.** The Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee satisfying the criteria in Section 7.2 above by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. In the event the District shall for any reason whatsoever fail to appoint a successor Trustee within ninety (90) days following the receipt of notice by the District, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 7.2 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the District purporting to appoint a successor Trustee following the expiration of such 90-day period.

**Section 7.4 Liability of Trustee.** The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds and any Parity Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Indenture, the Bonds or any Parity Bonds, and shall incur no responsibility in respect thereof, other

than in connection with its duties or obligations specifically set forth herein, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond, Parity Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond or Parity Bond unless and until such Bond or Parity Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a written certificate of the District, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

The Trustee shall not be deemed to have knowledge of any default or Event of Default until an officer at the Trustee's Principal Office of the Trustee responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at the Principal Office of the Trustee.

The Trustee shall be under no responsibility or duty with respect to (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or (iii) the application of any moneys paid to the District or others in accordance with this Indenture except as to the application of any moneys paid to it in its capacity as Trustee. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture. The Trustee and its officers and employees may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or

not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

The Trustee shall not be considered in breach of or in default in its obligations hereunder and will not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder, or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, natural catastrophes, civil or military disturbances, loss or malfunctions of utilities, any act of God or war, terrorism or the unavailability of the Federal Reserve Bank or other wire or communication facility, or any similar event and/or occurrences beyond the control of the Trustee; provided, that in the event of any such unavoidable delay, the Trustee shall notify the District in writing within five (5) Business Days after (i) the occurrence of the event giving rise to such unavoidable delay, (ii) the Trustee’s actual knowledge of the impending unavoidable delay, or (iii) the Trustee’s knowledge of sufficient facts under which a reasonable person would conclude the unavoidable delay will occur.

If the Trustee acts in good faith on any communication (including, but not limited to, communication with respect to the delivery of securities or the wire transfer of funds) sent by electronic transmission and believed by the Trustee to be genuine and to have been signed or presented by the proper person or persons, the Trustee, absent negligence or willful misconduct, will not be responsible or liable in the event such communication is not an authorized or authentic communication of the party involved or is not in the form the party involved sent or intended to send (whether due to fraud, distortion or otherwise). Absent negligence or willful misconduct on the part of the Trustee, the Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s good faith reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction received by the Trustee after the Trustee has acted upon such original instructions. Subject to the foregoing, the District agrees to assume all risks arising out of the use of such electronic transmission to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

**Section 7.5 Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding; provided, however, such successor shall provide the District with a notice of merger or conversion as soon as practicable.

**ARTICLE VIII**

**EVENTS OF DEFAULT; REMEDIES**

**Section 8.1 Events of Default.** Any one or more of the following events shall constitute an “Event of Default”:

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same shall become due and payable; or

(c) except as described in (a) or (b), default shall be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in this Indenture, the Bonds or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

The Trustee agrees to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under (a) or (b) above and within 10 days of the Trustee’s knowledge of a default of the type described in (c) above which, if not cured, with the passage of time would become an Event of Default.

**Section 8.2 Remedies of Owners.** Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in this Indenture;

(b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) by a suit in equity to require the District and its members, officers and employees to account as the Trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article 8, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or

otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

**Section 8.3 Application of Revenues and Other Funds After Default.** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture relating to the Bonds and Parity Bonds shall be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article 8, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

- (a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing;
- (b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and
- (c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

**Section 8.4 Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds or Parity Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds and Parity Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the

respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

**Section 8.5 Appointment of Receivers.** Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds and Parity Bonds under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

**Section 8.6 Non-Waiver.** Nothing in this Article 8 or in any other provision of this Indenture, or in the Bonds or the Parity Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as herein provided, out of the Net Taxes and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or the Owners by the Act or by this Article 8 may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners, as the case may be.

**Section 8.7 Limitations on Rights and Remedies of Owners.** No Owner of any Bond or Parity Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds and Parity Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds and Parity Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds and Parity Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds and Parity Bonds.

The right of any Owner of any Bond and Parity Bond to receive payment of the principal of and interest and premium (if any) on such Bond and Parity Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written

consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

**Section 8.8 Termination of Proceedings.** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the District, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

**ARTICLE IX**

**DEFEASANCE AND PARITY BONDS**

**Section 9.1 Defeasance.** If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under this Indenture and any Supplemental Indenture relating to such Parity Bond shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to this Section, the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District all money or securities held by it pursuant to this Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section if such Bond or Parity Bond is paid in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or
- (c) by depositing with the Trustee or another escrow bank appointed by the District, in trust, Federal Securities, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under this Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in Section 5.2(f) or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election shall be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under (c) above, there shall be provided to the District a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with this Indenture and any applicable Supplemental Indenture.

Upon a defeasance, the Trustee, upon request of the District, shall release the rights of the Owners of such Bonds and Parity Bonds which have been defeased under this Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds and Parity Bonds, the Trustee shall pay over or deliver to the District any funds held by the Trustee at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Bonds and Parity Bonds when due. The Trustee shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

**Section 9.2 Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness.** The District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds which may only be issued to effect a partial refunding may be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in this Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect shall have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.



(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Parity Bonds to be applied solely for the purpose of refunding any Outstanding Bonds or Parity Bonds, including payment of all costs and the funding of all reserves incidental to or connected with such refunding;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date shall fall on a September 1, (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund such that, following delivery of the Parity Bonds, the Reserve Requirement will be satisfied;

(8) the form of such Parity Bonds; and

(9) such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

(c) The District shall have received the following documents, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee shall be directed by the District to accept any of such documents bearing a prior date):

(1) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(2) a written request of the District as to the delivery of such Parity Bonds;

(3) an opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt this Indenture and the Supplemental Indentures relating to such Parity Bonds, and this Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the District, are in full force and effect and are

valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (ii) this Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in this Indenture, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of this Indenture and all Supplemental Indentures thereto and entitled to the benefits of this Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and this Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Indenture;

(5) a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and

(6) such further documents, money and securities as are required by the provisions of this Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

**ARTICLE X**

**MISCELLANEOUS**

**Section 10.1 Cancellation of Bonds and Parity Bonds.** All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption shall be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized herein and delivered to the Trustee for such purpose shall be, cancelled forthwith and shall not be reissued. The Trustee shall destroy such Bonds and Parity Bonds, as provided by law, and furnish to the District a certificate of such destruction.

**Section 10.2 Execution of Documents and Proof of Ownership.** Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee shall be affected by any notice to the contrary.

Nothing contained in this Indenture shall be construed as limiting the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters herein stated which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond shall bind every future Owner of the same Bond or Parity Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent.

**Section 10.3 Unclaimed Moneys.** Anything in this Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee, at the expense of the District, shall cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

**Section 10.4 Provisions Constitute Contract.** The provisions of this Indenture shall constitute a contract between the District and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Trustee, then the District, the Trustee and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

**Section 10.5 Future Contracts.** Nothing herein contained shall be deemed to restrict or prohibit the District from making contracts or issuing Subordinated Bonds or creating other indebtedness payable from a pledge, lien, charge and encumbrance upon the Net Taxes which is subordinate to the pledge hereunder, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged hereunder.

**Section 10.6 Further Assurances.** The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or desirable to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in this Indenture.

**Section 10.7 Severability.** If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture, the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

**Section 10.8 Notices.** Any notices required to be given to the District with respect to the Bonds or this Indenture shall be mailed, first class, postage prepaid, or personally delivered to the Assistant City Manager of the City of Beaumont at 55 East Sixth Street, Beaumont, California 92223, and all notices to the Trustee in its capacity as Trustee shall be mailed, first class, postage prepaid, personally delivered or sent via facsimile or electronic (email) transmission (with a portable document format or similar attachment) to the Trustee, Wilmington Trust, National Association, 650 Town Center Drive, Suite 600, Costa Mesa, California 92626, Attention: Corporate Trust Department.

**Section 10.9 Governing Law.** This Indenture shall be governed by and construed in accordance with the laws of the State of California.

*[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 an Authorized Representative of the District and Wilmington Trust, National Association, in token of its acceptance of the trust created hereunder, has caused this Bond Indenture to be signed in its corporate name by its officers identified below, all as of the day and year first above written.

CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 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

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**FORM OF 2020 SPECIAL TAX BOND**

*UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.*

R-\_\_\_\_\_

\$\_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF RIVERSIDE**

**CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1  
(IMPROVEMENT AREA NO. 8F)  
2020 SPECIAL TAX BOND**

**INTEREST RATE:    MATURITY DATE:    DATED DATE:    CUSIP:**  
\_\_\_\_\_ %                      September 1, \_\_\_\_\_                      \_\_\_\_\_

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ AND NO/100 DOLLARS

CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1 (the "District") which was formed by the City of Beaumont (the "City") and is situated in the County of Riverside, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding

the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 (each an "Interest Payment Date"), commencing [September 1, 2020], at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Trustee (as such term is defined in the Indenture defined below), initially Wilmington Trust, National Association (the "Trustee"). Interest on this Bond shall be paid by check of the Trustee mailed, by first class mail, postage prepaid, or in certain circumstances described in the Indenture by wire transfer to an account within the United States of America, to the Registered Owner hereof as of the close of business on the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") at such Registered Owner's address as it appears on the registration books maintained by the Trustee.

Capitalized terms used herein and not defined shall have the meanings given them in the Indenture.

This Bond is one of a duly authorized issue of "City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8F) 2020 Special Tax Bonds" (the "Bonds") issued in the aggregate principal amount of \$\_\_\_\_\_ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose of financing certain public improvements, funding a reserve account and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the City Council of the City, acting in its capacity as the legislative body of the District (the "Legislative Body"), on \_\_\_\_\_, 2020 and a Bond Indenture (the "Indenture") dated as of \_\_\_\_\_ 1, 2020, by and between the District and the Trustee, and this reference incorporates the Indenture herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Indenture is executed under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within Improvement Area No. 8F of the District described in the Indenture (the "Special Taxes") and certain other amounts pledged to the repayment of the Bonds as set forth in the Indenture. Any amounts for the payment hereof shall be limited to the Special Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Special Taxes and other amounts deposited to the Special Tax Fund established under the Indenture. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Indenture it will commence foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds and will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The Bonds may be redeemed, at the option of the District from any source of funds, other than Prepayments, on any date on or after September 1, 20\_\_, in whole, or in part by lot, at a

redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, at the following redemption prices (expressed a percentages of the principal amount of the Bonds to be redeemed):

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and any date thereafter	100

The Term Bonds maturing on September 1, 20\_\_ shall be called before maturity and redeemed, from Sinking Fund Payments deposited into the Principal Account, on September 1, 20\_\_ and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth in the Indenture, and the Term Bonds called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

The Term Bonds maturing on September 1, 20\_\_ shall be called before maturity and redeemed, from Sinking Fund Payments deposited into the Principal Account, on September 1, 20\_\_ and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth in the Indenture, and the Term Bonds called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

The Term Bonds maturing on September 1, 20\_\_ shall be called before maturity and redeemed, from Sinking Fund Payments deposited into the Principal Account, on September 1, 20\_\_ and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth in the Indenture, and the Term Bonds called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

The Bonds are subject to extraordinary redemption as a whole, or in part on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account plus amounts transferred from the Reserve Account in connection with such transfers, at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Date</i>	<i>Redemption Price</i>
Interest Payment Dates to and including March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and each Interest Payment Date thereafter	100

The Bonds shall be selected for extraordinary redemption as nearly as practicable on a pro rata basis among maturities in increments of \$5,000; provided, however, that, for Prepayments of less than \$50,000, the District may specify in a Certificate of an Authorized Representative that Prepayments be applied to one or more maturities of the Bonds or Parity Bonds so long as there is



delivered to the Trustee a Certificate of the Special Tax Consultant that, following such redemption from Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Developed Property is not less than 110% of Maximum Annual Debt Service net of the Administrative Expense Cap.

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 45 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books in accordance with the provisions of the Indenture or so long as the Bonds are registered in the name of the Nominee to the Depository in accordance with its procedures. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

This Bond shall be registered in the name of the Registered Owner hereof, as to both principal and interest, and the District and the Trustee may treat the Registered Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

The Trustee shall not be required to register transfers or make exchanges of (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Indenture.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE CITY OF BEAUMONT, THE COUNTY OF RIVERSIDE OR OF THE DISTRICT FOR WHICH THE CITY OF BEAUMONT, THE COUNTY OF RIVERSIDE OR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE SPECIAL TAXES DESCRIBED IN THE INDENTURE AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE CITY OF BEAUMONT, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, City of Beaumont Community Facilities District No. 93-1 has caused this Bond to be signed on behalf of the District by the Mayor of the City Council by his facsimile signature and attested by the facsimile signature of the City Clerk.

\_\_\_\_\_  
Mayor of the City Council of the City of Beaumont,  
acting in its capacity as the legislative body of City of  
Beaumont Community Facilities District No. 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

[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, acting in its capacity as the legislative body of 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(s) must be guaranteed by an eligible guarantor institution.

NOTE: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

**EXHIBIT B**

**FORM OF REQUISITION FOR DISBURSEMENT OF COSTS OF ISSUANCE**

**COSTS OF ISSUANCE FUND**

**REQUISITION FOR DISBURSEMENT OF COSTS OF ISSUANCE**

The undersigned, on behalf of City of Beaumont Community Facilities District No. 93-1 (the "District"), hereby requests Wilmington Trust, National Association, as Trustee, to pay from the City of Beaumont Community Facilities District No. 93-1 Improvement Area No. 8F Costs of Issuance Fund, established by the Bond Indenture between the Trustee and the District dated as of \_\_\_\_\_ 1, 2020, upon receipt of an invoice from each of the payees set forth on Schedule I hereto, the amount specified in such invoice but no more than the amount set forth on Schedule I and to the payees listed on Schedule I for payment of the Costs of Issuance set forth in the invoice attached hereto.

All payments shall be made by check or wire transfer in accordance with the payment instructions included on Schedule I or the accompanying invoices and the Trustee has no responsibility to verify or authenticate the payment instructions or the invoices or the authority under which they were given.

CITY OF BEAUMONT COMMUNITY FACILITIES  
DISTRICT NO. 93-1

Signature:

By: \_\_\_\_\_  
Name:  
Title:

Dated:  
Requisition No.:

**EXHIBIT C**

**FORM OF REQUISITION FOR DISBURSEMENT OF PROJECT COSTS**

**ACQUISITION AND CONSTRUCTION FUND**

**REQUISITION FOR DISBURSEMENT OF PROJECT COSTS**

The undersigned, on behalf of City of Beaumont Community Facilities District No. 93-1 (the "District"), hereby requests Wilmington Trust, National Association, as Trustee, to pay from the City of Beaumont Community Facilities District No. 93-1 Improvement Area No. 8F Acquisition and Construction Fund, established by the Bond Indenture between the Trustee and the District dated as of \_\_\_\_\_ 1, 2020, upon receipt of an invoice from each of the payees set forth on Schedule I hereto, the amount specified in such invoice but no more than the amount set forth on Schedule I and to the payees listed on Schedule I for payment of the Project Costs set forth in the invoice attached hereto.

All payments shall be made by check or wire transfer in accordance with the payment instructions included on Schedule I or the accompanying invoices and the Trustee has no responsibility to verify or authenticate the payment instructions or the invoices or the authority under which they were given.

CITY OF BEAUMONT COMMUNITY FACILITIES  
DISTRICT NO. 93-1

Signature:

By: \_\_\_\_\_

Name:

Title:

Dated:

Requisition No.:

\$ \_\_\_\_\_  
**CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
(IMPROVEMENT AREA NO. 8F)  
2020 SPECIAL TAX BONDS**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2020

City of Beaumont  
Community Facilities District No. 93-1  
550 East 6<sup>th</sup> Street  
Beaumont, California 92223

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the City of Beaumont Community Facilities District No. 93-1 (the “Community Facilities District”) on behalf of Improvement Area No. 8F (the “Improvement Area”), which upon acceptance will be binding upon the Underwriter and the Community Facilities District. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Community Facilities District satisfying all of the obligations imposed upon them under this Purchase Agreement. This offer is made subject to the Community Facilities District’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 11:59 P.M., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Community Facilities District at any time prior to the acceptance hereof by the Community Facilities District. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Bond Indenture, dated as of \_\_\_\_\_ 1, 2020 (the “Indenture”), between the Community Facilities District and Wilmington Trust, National Association, as trustee (the “Trustee”).

1. Purchase, Sale and Delivery of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein: the Underwriter hereby agrees to purchase from the Community Facilities District and the Community Facilities District hereby agrees to sell to the Underwriter all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8F) 2020 Special Tax Bonds (the “Bonds”), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be \$\_\_\_\_\_ (being 100% of the aggregate principal amount thereof, plus a net original issue premium of \$\_\_\_\_\_ and less an Underwriter’s discount of \$\_\_\_\_\_).

The Underwriter agrees to make a bona fide public offering of all of the Bonds initially at the public offering prices (or yields) set forth in Exhibit A attached hereto and incorporated herein by

reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial offering prices.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Net Taxes as provided in the Indenture, the Preliminary Official Statement (as hereinafter defined), and the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “Community Facilities District Act”). The issuance of the Bonds has been duly authorized by the City Council of the City of Beaumont (the “City”), as the legislative body for the Community Facilities District pursuant to a resolution (the “Community Facilities District Resolution of Issuance”) adopted on \_\_\_\_\_ 2020.

The proceeds of the Bonds will be used to: (i) pay the cost and expense of the acquisition and construction of certain public facilities required in connection with the development of the Improvement Area; (ii) fund a reserve account securing the Bonds; and (iii) pay costs of issuance of the Bonds.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from special taxes pledged thereto as provided in the Indenture.

A. The Community Facilities District hereby acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations, warranties and agreements made by the Community Facilities District herein, and the Community Facilities District shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall immediately notify the Underwriter if it becomes aware that any representation, warranty or agreement made by the Community Facilities District herein is incorrect in any material respect.

The Community Facilities District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the Community Facilities District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and not as the agent or fiduciary of the Community Facilities District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Community Facilities District with respect to (a) the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Community Facilities District on other matters) or (b) any other obligations to the Community Facilities District with respect to the offering contemplated hereby, except the obligations expressly set forth in this Purchase Agreement or otherwise imposed by law, (iv) the Underwriter has financial interests that differ from those of the Community Facilities District and (v) the Community Facilities District has consulted their own legal, financial and other advisors to the extent they have deemed appropriate in connection with this transaction. The Community Facilities District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (“MSRB”). The Community Facilities District acknowledges and represents that it has engaged Urban Futures, Inc. (the “Municipal Advisor”) as its

municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1) and will rely solely on the financial advice of the Municipal Advisor with respect to the Bonds.

B. Pursuant to the authorization of the Community Facilities District, the Underwriter has distributed copies of the Preliminary Official Statement dated \_\_\_\_\_, 2020, relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the “Preliminary Official Statement.” By its acceptance of this Purchase Agreement, the Community Facilities District hereby ratifies the use by the Underwriter of the Preliminary Official Statement, and the Community Facilities District agrees to execute a final official statement relating to the Bonds (the “Official Statement”) which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel (“Bond Counsel”), Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel (“Disclosure Counsel”), and the Underwriter, and to provide copies thereof to the Underwriter as set forth herein. The Community Facilities District hereby authorizes and requires the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The Community Facilities District further authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds, the Indenture, the Continuing Disclosure Certificate executed by the Community Facilities District in connection with the Bonds (the “Continuing Disclosure Certificate”), this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

C. To assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”), the Community Facilities District will undertake pursuant to the Continuing Disclosure Certificate, in the form attached to the Official Statement as an appendix, to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

D. Except as the Underwriter and the Community Facilities District may otherwise agree, the Community Facilities District will deliver to the Underwriter, at the offices of Bond Counsel in Newport Beach, California, or at such other location as may be mutually agreed upon by the Underwriter and the Community Facilities District, the documents hereinafter mentioned; and the Community Facilities District will deliver to the Underwriter through the facilities of The Depository Trust Company (“DTC”), the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Community Facilities District and authenticated by the Trustee in the manner provided for in the Indenture and the Community Facilities District Act at 8:00 a.m. California time, on \_\_\_\_\_, 2020 (the “Closing Date”), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (A) of this Section by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the “Closing”). The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

2. Representations, Warranties and Covenants of the Community Facilities District. The Community Facilities District represents, warrants and covenants to the Underwriter on behalf of itself and the City that:



A. The City is duly organized and validly existing as a general law city under the Constitution and laws of the State of California (the “State”) and has duly authorized the formation of the Community Facilities District and the Improvement Area thereto pursuant to resolutions duly adopted by the City Council (the “Community Facilities District Formation Resolution” and, together with the Community Facilities District Resolution of Issuance, the “Community Facilities District Resolutions”) and the Community Facilities District Act. The City Council, as the legislative body of the City and the Community Facilities District, has duly adopted the Community Facilities District Formation Resolution, and has caused to be recorded in the real property records of the County of Riverside, a notice of special tax lien (the “Notice of Special Tax Lien”) (the Community Facilities District Formation Resolution and Notice of Special Tax Lien being collectively referred to herein as the “Formation Documents”), and has duly adopted a Community Facilities District Resolution of Issuance. Each of the Formation Documents remains in full force and effect as of the date hereof and has not been amended. The Community Facilities District is duly organized and validly existing as a Community Facilities District under the laws of the State. The Community Facilities District has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under this Purchase Agreement, the Continuing Disclosure Certificate and the Indenture, and to carry out all transactions contemplated by each of such agreements; (ii) to issue, sell and deliver the Bonds as provided herein; and (iii) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents, the Community Facilities District Resolution of Issuance, the Indenture, the Bonds, the Continuing Disclosure Certificate, this Purchase Agreement and the Official Statement.

This Purchase Agreement, the Indenture, the Bonds and the Continuing Disclosure Certificate are collectively referred to herein as the “Community Facilities District Documents.”

B. The Community Facilities District and the City, as applicable, have each complied, and will at the Closing Date be in compliance in all material respects, with the Formation Documents, the Community Facilities District Resolution of Issuance and the Community Facilities District Documents, and any immaterial noncompliance by the Community Facilities District and the City, if any, will not impair the ability of the Community Facilities District and the City, as applicable, to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of the Bonds, the Community Facilities District will continue to comply with the covenants of the Community Facilities District contained in the Community Facilities District Documents.

C. The information in the Preliminary Official Statement and in the Official Statement relating to the Community Facilities District and the Bonds (other than statements pertaining to the book entry system, as to which no view is expressed), is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (D) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

D. Up to and including 25 days after the End of the Underwriting Period (as defined below), the Community Facilities District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such

amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Community Facilities District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term “End of the Underwriting Period” means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Community Facilities District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the “End of the Underwriting Period.”

E. Except as described in the Preliminary Official Statement, the Community Facilities District is not, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance of its obligations under the Community Facilities District Documents and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Community Facilities District Documents or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement.

F. Except as may be required under the “blue sky” or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Community Facilities District of its obligations under the Community Facilities District Documents, and the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, have been or will be obtained at the Closing Date and are or will be in full force and effect at the Closing Date.

G. The Community Facilities District Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement.

H. The Bonds are payable from the Special Tax of the Community Facilities District to be levied within the Improvement Area, as set forth in the Indenture, which levy has been duly and validly authorized pursuant to the Community Facilities District Act and the Special Taxes to be levied within the Improvement Area will be fixed and levied in an amount which, together with other available funds, is required for the payment of the principal of, and interest on, the Bonds when

due and payable, all as provided in the Indenture. The Community Facilities District has covenanted to cause the Special Taxes to be levied as set forth in the Indenture.

I. The Indenture creates a valid pledge of, first lien upon and security interest in, the Net Taxes, and in the moneys in the Special Tax Fund (other than the Administrative Expense Fund) established pursuant to the Indenture, on the terms and conditions set forth in the Indenture.

J. Except as disclosed in the Preliminary Official Statement and Official Statement, there are, to the best of the Community Facilities District's knowledge, no entities with outstanding assessment liens against any of the properties within the Improvement Area or which are senior to or on a parity with the pledge of the Special Taxes of the Improvement Area referred to in paragraph (H) hereof.

K. The Official Statement as of the date hereof, does not, and as of the Closing Date, will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (excluding statements therein pertaining to the DTC and its book-entry system and any information provided by the Special Tax Consultant (as such term is defined below) and the Underwriter, as to which no view is expressed).

L. The Preliminary Official Statement was deemed final by a duly authorized officer of the Community Facilities District prior to its delivery to the Underwriter, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of the Rule. The Community Facilities District hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Community Facilities District shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of the Rule and Rules G-12, G-15, G-32 and G-36 of the Municipal Securities Rulemaking Board.

M. At the time of acceptance hereof there is and as of the Closing there will be no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending (notice of which has been served on the Community Facilities District) or to the best knowledge of the Community Facilities District or the City threatened, in which any such Action: (i) in any way questions the existence of the Community Facilities District or the titles of the officers of the Community Facilities District to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the payment or collection of Special Taxes or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Community Facilities District Documents or the consummation of the transactions on the part of the Community Facilities District contemplated thereby; (iii) contests the exemption of interest on the Bonds from federal or State income taxation or contests the powers of the Community Facilities District which may result in any material adverse change relating to the financial condition of the Community Facilities District; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the time of acceptance hereof

there is and, as of the Closing Date, there will be no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

N. Any certificate signed on behalf of the Community Facilities District by any officer or employee of the Community Facilities District authorized to do so shall be deemed a representation and warranty by the Community Facilities District to the Underwriter on behalf of itself and the Community Facilities District as to the statements made therein.

O. At or prior to the Closing, the Community Facilities District will have duly authorized, executed and delivered the Continuing Disclosure Certificate in substantially the form attached as an appendix to the Official Statement. Based upon a review of its previous undertakings, and except as disclosed in the Preliminary Official Statement, the Community Facilities District has not failed to comply in all respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events in the last five years.

P. The Community Facilities District will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Preliminary Official Statement and Official Statement.

Q. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Community Facilities District will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture.

R. Between the date of this Purchase Agreement and the date of Closing, the Community Facilities District will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

The Community Facilities District hereby approves the preparation and distribution of the Official Statement, consisting of the Preliminary Official Statement with such changes as are noted thereon and as may be made thereto, with the approval of Bond Counsel, Disclosure Counsel and the Underwriter, from time to time prior to the Closing Date.

The Community Facilities District hereby ratifies any prior use of and authorizes the future use by the Underwriter, in connection with the offering and sale of the Bonds, of the Preliminary Official Statement, the Official Statement, this Purchase Agreement and all information contained herein, and all other documents, certificates and written statements furnished by the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

The execution and delivery of this Purchase Agreement by the Community Facilities District shall constitute a representation by the Community Facilities District to the Underwriter that the representations and warranties contained in this Section 2 with respect to the Community Facilities District are true as of the date hereof.

3. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part

of the Community Facilities District contained herein, to the accuracy in all material respects of the statements of the officers and other officials of the Community Facilities District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Community Facilities District of their obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

A. At the Closing Date, the Community Facilities District Resolutions and the Community Facilities District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds, and with the transactions contemplated thereby, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, except as described in the Preliminary Official Statement, the City shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, and the performance of the conditions precedent to be performed hereunder will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance of the conditions precedent to be performed by the City hereunder.

C. At the Closing Date, except as described in the Preliminary Official Statement, the Community Facilities District shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance by the Community Facilities District of its obligations under the Bonds, the Community Facilities District Resolutions, the Indenture, and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed hereunder, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Indenture, the Bonds or the performance of the conditions precedent to be performed by the Community Facilities District hereunder.

D. The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all

material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

E. Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the cover page of the Official Statement, of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the Community Facilities District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

1. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof; or

2. Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission (the "SEC"), or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended (the "Securities Act"), or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect; or

3. A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

4. The introduction, proposal or enactment of any amendment to the federal or State Constitution or any action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Community Facilities District, its property, income, securities (or interest thereon), the validity or enforceability of Special

Taxes, or the ability of the Community Facilities District to issue the Bonds as contemplated by the Indenture and the Official Statement; or

5. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

6. Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

7. There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war 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

8. Except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the City or Community Facilities District shall have occurred; or

9. Any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Community Facilities District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds; or

10. A general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

11. A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

12. Any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

13. A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Securities Exchange Act of 1934, as amended and the Trust Indenture Act; or

14. Any proceeding shall have been commenced or be threatened in writing by the SEC against the City or the Community Facilities District; or

15. The commencement of any Action as described in items (i) through (iv) of Section 2(M) hereof.

F. At or prior to the Closing Date, the Underwriter shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Underwriter:

1. The Official Statement, executed on behalf of the Community Facilities District by an authorized officer;

2. The Indenture, duly executed and delivered by the Community Facilities District and the Trustee;

3. The Community Facilities District Resolutions and the Community Facilities District Documents and the Formation Documents, together with a certificate dated as of the Closing Date of the City Clerk to the effect that the Community Facilities District Resolutions are true, correct and complete copies of the ones duly adopted by the City Council;

4. The Continuing Disclosure Certificate executed and delivered by the Community Facilities District;

5. An unqualified approving opinion of Bond Counsel for the Bonds, dated the Closing Date and addressed to the Community Facilities District, to the effect that the Bonds are the valid, legal and binding obligations of the Community Facilities District and that the interest thereon is excluded from gross income for federal income tax purposes and exempt from personal income taxes of the State, in substantially the form included as an appendix to the Official Statement, together with a letter of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion addressed to the Community Facilities District may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

6. A supplemental opinion or opinions of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that:

(i) this Purchase Agreement and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the Community Facilities District and, assuming due authorization, execution and delivery by the other parties thereto, as applicable, constitute the legal, valid and binding agreement of the Community Facilities District and are



enforceable in accordance with their terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on legal remedies against public agencies in the State;

(ii) the Bonds are not subject to the registration requirements of the Securities Act, and the Indenture is exempt from qualification under the Trust Indenture Act;

(iii) the information contained in the Official Statement on the cover and under the captions "THE BONDS" (other than the caption "Debt Service Schedule"), "SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS" and "LEGAL MATTERS" and in Appendices B and D to the Official Statement, are accurate insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture and Bond Counsel's final approving opinion.

7. The letter of Disclosure Counsel, dated the Closing Date and addressed to the Community Facilities District and to the Underwriter, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the Community Facilities District, the Special Tax Consultant and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Preliminary Official Statement as of its date and the Official Statement as of its date and as of the Closing Date contained or contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial statements or other financial, statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions, or expressions of opinion, any information about valuation, appraisals, absorption, archeological or environmental matters, or any information with respect to the City, or about DTC or the book-entry-only system);

8. A certificate dated the Closing Date and signed by an authorized representative of the Community Facilities District or an authorized designee, on behalf of the Community Facilities District to the effect that: (i) the representations and warranties made by the Community Facilities District contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the Community Facilities District has complied with all the agreements and satisfied all the conditions on its part to be satisfied under this Purchase Agreement, the Community Facilities District Resolutions, the Community Facilities District Documents and the Official Statement at or prior to the Closing Date;

9. An opinion of the City Attorney of the City, dated the date of Closing and addressed to the Underwriter and the City, to the effect that:

(i) The City is a municipal corporation and general law city, duly organized and existing under the Constitution and laws of the State of California;

(ii) The Community Facilities District Resolutions have been duly adopted at meetings of the City Council, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Community Facilities District Resolutions are in full force and effect and have not been modified, amended, rescinded or repealed since the respective dates of their adoption;

(iii) The Community Facilities District Documents and the Official Statement have been duly authorized, executed and delivered by the City and the Community Facilities District Documents constitute the legal, valid and binding obligations of the Community Facilities District enforceable against the Community Facilities District in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases;

(iv) Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the City or the Community Facilities District) or, to such counsel's knowledge, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City, or the titles of its members and officers to their respective offices; or (b) affect the validity of the Community Facilities District Documents or restrain or enjoin the repayment of the Bonds or in any way contest or affect the validity of the Community Facilities District Documents or contest the authority of the Community Facilities District or the City to enter into or perform its obligations under any of the Community Facilities District Documents, questions the right of the Community Facilities District to use Special Taxes levied within the Improvement Area for the repayment of the Bonds or affects in any manner the right or ability of the Community Facilities District to collect or pledge the Special Taxes levied within the Improvement Area for the repayment of the Bonds;

10. A certificate dated the Closing Date from WEBB Municipal Finance, LLC (the "Special Tax Consultant") addressed to the Community Facilities District and the Underwriter to the effect that: (i) the Special Tax if collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment of Special Taxes of the Improvement Area as of the Closing Date would generate at least 110% of the annual debt service payable with respect to the Bonds plus budgeted administrative expenses in each year, based on such assumptions and qualifications as shall be acceptable to the Underwriter; and (ii) the statements in the Official Statement provided by the Special Tax Consultant concerning Special Taxes in the Improvement Area and all information supplied by it for use in the Official Statement were as of the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

11. Certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution of the Indenture and the authentication of the Bonds;

12. A certificate of the Trustee, addressed to the Underwriter, and the Community Facilities District dated the Closing Date, to the effect that: (i) the Trustee is authorized to carry out corporate trust powers, and have full power and authority to perform its duties under the Indenture; (ii) the Trustee is duly authorized to execute and deliver the Indenture, to accept the

obligations created by the Indenture and to authenticate the Bonds pursuant to the terms of the Indenture; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Indenture; and (iv) to the best of its knowledge, compliance with the terms of the Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties;

13. An opinion of counsel to the Trustee dated the Closing Date, addressed to the Underwriter, and the Community Facilities District to the effect that the Trustee is a national banking association duly organized and validly existing under the laws of the United States having full power and being qualified to enter into, accept and agree to the provisions of the Indenture, and that such documents have been duly authorized, executed and delivered by the Trustee, and, assuming due execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought;

14. A certificate of the Community Facilities District dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriter, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

15. A Letter of Representations of Pardee Homes (the "Developer") in connection with the printing of the Preliminary Official Statement dated the date of the Preliminary Official Statement, substantially in the form attached as part of Exhibit D hereto or as such Letter of Representations may be modified with the approval of the Underwriter and Bond Counsel, and a Closing Certificate of the Developer dated the Closing Date, substantially in the form attached as part of Exhibit D hereto;

16. The Continuing Disclosure Certificate of the Developer, substantially in the form attached as an appendix to the Official Statement;

17. An opinion or opinions of counsel to the Developer, dated the date of the Closing addressed to the Community Facilities and the Underwriter, in form and substance acceptable to the Underwriter and Bond Counsel.

18. An opinion of Kutak Rock LLP, counsel to the Underwriter ("Underwriter's Counsel"), dated the date of Closing and addressed to the Underwriter in form and substance acceptable to the Underwriter; and

19. A certificate in form and substance as set forth in Exhibit C hereto of Integra Realty Resources, Rocklin, California, the appraiser of the property within the Community Facilities District, dated as of the Closing Date.

20. Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations and warranties of the Community Facilities District contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Community Facilities District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Community Facilities District in connection with the transactions contemplated hereby and by the Indenture and the Official Statement.

If the Community Facilities District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Community Facilities District nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter and the Community Facilities District set forth in Section 5 hereof shall continue in full force and effect.

4. Establishment of Issue Price.

A. The Underwriter agrees to assist the Community Facilities District in establishing the issue price of the Bonds and shall execute and deliver to the Community Facilities District at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Community Facilities District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Community Facilities District under this section to establish the issue price of the Bonds may be taken on behalf of the Community Facilities District by the Community Facilities District’s Municipal Advisor identified herein and any notice or report to be provided to the Community Facilities District may be provided to the Community Facilities District’s Municipal Advisor.

B. Except as otherwise set forth in Exhibit A attached hereto, the Community Facilities District will treat the first price at which 10% of each maturity of the Bonds (the “10% test”), identified under the column “10% Test Used” in Exhibit A, is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Community Facilities District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Community Facilities District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

C. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column “Hold the Offering Price Rule Used,” as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for

which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the Community Facilities District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Community Facilities District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Community Facilities District when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5<sup>th</sup>) business day after the sale date.

D. The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each

maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

E. The Community Facilities District acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires.

F. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Community Facilities District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

5. Expenses. Whether or not the transactions contemplated by this Purchase Agreement are consummated, the Underwriter shall be under no obligation to pay, and the Community Facilities District shall pay only from the proceeds of the Bonds, or any other legally available funds of the City, or the Community Facilities District, but only as the Community Facilities District and such other party providing such services may agree, all expenses and costs of the Community Facilities District incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter, including, without limitation, printing costs, initial fees of the Trustee, including fees and disbursements of their counsel, if any, fees and disbursements of Bond Counsel, Disclosure Counsel and other professional advisors employed by the City, costs of preparation, printing, signing, transportation, delivery and safekeeping of the Bonds and for expenses (included in the expense component of the spread) incurred by the Underwriter on behalf of the City's employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees. The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee, CUSIP Services Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including fees and disbursements of Underwriter's Counsel. Any meals in connection with or adjacent to meetings, rating agency presentations, pricing activities or other transaction-related activities shall be considered an expense of the transaction and included in the expense component of the Underwriter's discount.

6. Notices. Any notice of other communication to be given to the Community Facilities District under this Purchase Agreement may be given by delivering the same in writing to the City of Beaumont, 550 East 6<sup>th</sup> Street, Beaumont, California 92223, Attention: City Manager; any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 515 South Figueroa Street, Suite 1800, Los Angeles, California 90071, Attention: Public Finance.

7. Parties In Interest. This Purchase Agreement is made solely for the benefit of the Community Facilities District and Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations and Warranties. The representations and warranties of the Community Facilities District under this Purchase Agreement shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter, and shall survive the delivery and payment for the Bonds and the termination of this Purchase Agreement.

9. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

10. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

11. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding among the parties hereto in relation to the sale of the Bonds by the Community Facilities District.

12. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California.



13. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,  
INCORPORATED,** as Underwriter

By: \_\_\_\_\_  
Director

The foregoing is hereby agreed to and accepted as of the date first above written:

**CITY OF BEAUMONT COMMUNITY  
FACILITIES DISTRICT NO. 93-1**

By: \_\_\_\_\_  
Authorized Officer

Time of Execution: \_\_\_\_\_ p.m. California time

**[EXECUTION PAGE OF BOND PURCHASE AGREEMENT]**

**EXHIBIT A**

\$ \_\_\_\_\_  
**CITY OF BEAUMONT  
 COMMUNITY FACILITIES DISTRICT NO. 93-1  
 (IMPROVEMENT AREA NO. 8F)  
 2020 SPECIAL TAX BONDS**

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold-The- Offering- Price Rule</u>
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
20__ <sup>(T)</sup>							

<sup>(T)</sup> Term Bond.

<sup>(C)</sup> Priced to optional call at [par] on September 1, 20\_\_.

\* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

**EXHIBIT B**

**FORM OF ISSUE PRICE CERTIFICATE**

**§ \_\_\_\_\_  
CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
(IMPROVEMENT AREA NO. 8F)  
2020 SPECIAL TAX BONDS**

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (“Stifel”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated \_\_\_\_\_, 2020, by and between Stifel and City of Beaumont Community Facilities District No. 93-1 (the “Community Facilities District”), Stifel has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the

Sale Date, or (ii) the date on which Stifel has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the City of Beaumont Community Facilities District No. 93-1.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_, 2020.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 2020

**SCHEDULE A**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING  
PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

*(To be attached)*

**SCHEDULE B**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**

**EXHIBIT C**

**\$ \_\_\_\_\_  
CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
(IMPROVEMENT AREA NO. 8F)  
2020 SPECIAL TAX BONDS**

**CERTIFICATE OF APPRAISER**

The undersigned hereby states and certifies:

1. That he or she is an authorized principal of Integra Realty Resources, Rocklin, California (the “Appraiser”) and as such is familiar with the facts herein certified and is authorized and qualified to certify the same.

2. That the Appraiser has prepared an appraisal report dated \_\_\_\_\_, 2020, with an appraisal date of \_\_\_\_\_, 2020 (the “Appraisal Report”), on behalf of Improvement Area No. 8F (the “Improvement Area”) of the City of Beaumont Community Facilities District No. 93-1 (the “Community Facilities District”) and in connection with the Official Statement dated \_\_\_\_\_, 2020 (“Official Statement”), concerning the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8F) 2020 Special Tax Bonds (the “Bonds”).

3. That the Appraiser hereby consents to the reproduction and use of the Appraisal Report appended to the Preliminary Official Statement and the Official Statement. The Appraiser also consents to the references to the Appraiser and the Appraisal made in the Preliminary Official Statement and the Official Statement.

4. In the opinion of the Appraiser the assumptions made in the Appraisal Report are reasonable.

5. That the Official Statement has been reviewed on behalf of the Appraiser and to the best knowledge of the Appraiser the statements concerning the Appraisal Report and the value of the property contained under the captions “INTRODUCTION – Appraisal Report,” “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 8F –Appraisal Report,” and “APPENDIX H – APPRAISAL REPORT” are true, correct and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6. Each of the parcels appraised by the Appraiser is encompassed within the Improvement Area of the Community Facilities District as set forth in the boundary map of the Improvement Area of the Community Facilities District.

7. That, as of the date of the Official Statement and as of the date hereof, the Appraisal Report appended to the Official Statement, to the best of my knowledge and belief, and subject to all of the Limiting Conditions and Major Assumptions set forth in the Appraisal Report, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to

make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and no events or occurrences have been ascertained by us or have come to our attention that would substantially change the estimated values stated in the Appraisal Report. However, we have not performed any procedures since the date of the Appraisal Report to obtain knowledge of such events or occurrences nor are we obligated to do so in the future.

8. The Community Facilities District and Stifel, Nicolaus & Company, Incorporated, as underwriter, are entitled to rely on the Certificate.

Dated: \_\_\_\_\_, 2020

**INTEGRA REALTY RESOURCES**

By: \_\_\_\_\_



**EXHIBIT D**

**CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
(IMPROVEMENT AREA NO. 8F)  
2020 SPECIAL TAX BONDS**

**FORM OF DEVELOPER LETTER OF REPRESENTATIONS AND CLOSING  
CERTIFICATE**

**LETTER OF REPRESENTATIONS OF PARDEE HOMES**

\_\_\_\_\_, 2020

City of Beaumont Community Facilities District No. 93-1  
Beaumont, California

Stifel, Nicolaus & Company, Incorporated  
Los Angeles, California

Ladies and Gentlemen:

Reference is made to the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8F) 2020 Special Tax Bonds (the “**2020 Bonds**”) and to the Bond Purchase Agreement to be entered into by and between the City of Beaumont Community Facilities District No. 93-1 (the “**Community Facilities District**”), and Stifel, Nicolaus & Company, Incorporated, as Underwriter (the “**Purchase Agreement**”). This Letter of Representations of Pardee Homes (the “**Letter of Representations**”) is delivered pursuant to and in satisfaction of the Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Purchase Agreement.

The undersigned certifies that he is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of Pardee Homes (the “**Developer**”), and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer is duly organized and validly existing under the laws of the State of California, is in good standing under the laws of the State of California, and has all requisite corporate right, power and authority: (i) to execute and deliver this Letter of Representations; (ii) to perform all the duties contemplated to be performed by the Acquisition Agreement dated as of \_\_\_\_\_, 2020, by and between the Community Facilities District and the Developer (the “**Acquisition Agreement**”); (iii) to execute and deliver the Developer Continuing Disclosure Certificate to be executed by the Developer (the “**Continuing Disclosure Certificate**”), and (iv) to undertake all of the transactions on its part described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, title to a certain portion of the property within Improvement Area No. 8F of the Community Facilities District is held in

the name of the Developer. The undersigned, on behalf of the Developer, makes the representations herein with respect to all such property to which it holds title in Improvement Area No. 8F of the Community Facilities District as of the date hereof (the “**Property**”). Except as otherwise described in the Preliminary Official Statement, the Developer is, and the Developer’s current expectations are that the Developer shall remain, the party responsible for the development of the Property. The Developer has not entered into an agreement for development or management of the Property by any other entity, except such subcontracts, consultant agreements, and similar agreements for land development activities associated with the Developer’s development plan as are entered into in the ordinary course of business.

3. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned,<sup>1</sup> the Developer and its Relevant Entities<sup>2</sup> have not violated any applicable law or administrative regulation of the State of California or the United States of America, or any agency or instrumentality of either, which violation could reasonably be expected to materially and adversely affect the Developer’s ability to perform its obligations under the Acquisition Agreement and the Continuing Disclosure Certificate or to pay Special Taxes due at any time with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

4. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, (a) the Developer and its Relevant Entities are not in breach of or in default under any applicable judgment or decree or any loan agreement, line of credit, option agreement, development agreement (including mitigation agreements or joint community facilities agreements), indenture, fiscal agent agreement, bond, or note (collectively, the “**Material Agreements**”) to which the Developer or its Relevant Entities are a party or otherwise subject, which breach or default could reasonably be expected to materially and adversely affect the ability of the Developer to develop the Property as described in the Preliminary Official Statement or to pay the Special Taxes due at any time with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency and (b) no event has occurred and is

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<sup>1</sup> “**Actual Knowledge of the Undersigned**” means the knowledge that the individual signing on behalf of the Developer currently has as of the date of this Letter of Representations or has obtained through (i) interviews with such current officers and responsible employees of the Developer and its Relevant Entities as the undersigned has determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations, and/or (ii) review of documents that were reasonably available to the undersigned and which the undersigned has reasonably deemed necessary for the undersigned to obtain knowledge of the matters set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer’s current business and operations. Individuals who are no longer employees of the Developer or its Relevant Entities have not been contacted.

<sup>2</sup> “**Relevant Entity**” means, with respect to the Developer, any other Person: (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with the Developer, and (ii) for whom information, including financial information or operating data, concerning such Person is material to an evaluation of the Community Facilities District and the 2020 Bonds (i.e., such Person’s assets or funds would materially affect the Developer’s ability to develop the Property as described in the Preliminary Official Statement or to pay the Special Taxes due at any time with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency. “**Person**” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof. For purposes hereof, the term “**control**” (including the terms “**controlling**,” “**controlled by**” or “**under common control with**”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

continuing that with the passage of time or giving of notice, or both, would constitute such a breach or default under any Material Agreement which could reasonably be expected to materially and adversely affect the ability of the Developer to perform its obligations under the Continuing Disclosure Certificate, to develop the Property as described in the Preliminary Official Statement, or to pay the Special Taxes due at any time with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

5. Except as described in the Preliminary Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of the Developer or its Relevant Entities that are secured by an interest in the Property.

6. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned, is pending against any current Relevant Entity (with proper service of process to such Relevant Entity having been accomplished) or, to the Actual Knowledge of the Undersigned, is threatened in writing against the Developer or any such Relevant Entity (a) to restrain or enjoin the collection of Special Taxes or other sums pledged or to be pledged to pay the principal of and interest on the 2020 Bonds (e.g., the Reserve Fund established under the Indenture), (b) to restrain or enjoin the execution of and performance by the Developer of its obligations under the Acquisition Agreement and the Continuing Disclosure Certificate, (c) to restrain or enjoin the development of the Property as described in the Preliminary Official Statement, (d) in any way contesting or affecting the validity of the Special Taxes, the Acquisition Agreement, or the Continuing Disclosure Certificate, or (e) which if successful, is reasonably likely to materially and adversely affect the Developer's ability to complete the development and sale of the Property as described in the Preliminary Official Statement or to pay Special Taxes due at any time with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

7. As of the date of the Preliminary Official Statement, the information contained therein solely with respect to the Developer, its Relevant Entities, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders (if any), and contractual arrangements of the Developer or any Relevant Entities (including, if material to the Developer's development plan or the Developer's financing plan, other loans of the Developer or such Relevant Entities) as set forth under the sections of the Preliminary Official Statement captioned "PROPERTY OWNERSHIP AND THE DEVELOPMENT" and "CONTINUING DISCLOSURE – Developer" (excluding therefrom in all cases information regarding the Appraisal, market value ratio and annual special tax ratio, and information which is identified as having been provided by a source other than the Developer), is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

8. The Developer covenants that, while the 2020 Bonds or any refunding obligations related thereto are outstanding, the Developer and its Relevant Entities which it

controls will not bring any action, suit, proceeding, inquiry, or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Community Facilities District, to challenge the adoption of the ordinance related to Improvement Area No. 8F of the Community Facilities District, levying Special Taxes within Improvement Area No. 8F of the Community Facilities District, to invalidate the Community Facilities District, or any of the 2020 Bonds or any refunding bonds, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notices of special tax lien relating thereto. The foregoing covenant shall not prevent the Developer or any Relevant Entity in any way from bringing any other action, suit, proceeding, inquiry, or investigation at law or in equity, before any court, regulatory agency, public board or body including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the Rate and Method of Apportionment of Special Taxes for the Community Facilities District pursuant to which the Special Taxes are levied, (b) an action or suit with respect to the application or use of the Special Taxes levied and collected, or (c) an action or suit to enforce the obligations of the City of Beaumont and/or the Community Facilities District under resolutions which established Improvement Area No. 8F, authorized the levy of a special tax within Improvement Area No. 8F, determined the necessity to incur bonded indebtedness within Improvement Area No. 8F, and called an election within Improvement Area No. 8F on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit within Improvement Area No. 8F, the Resolution, the Indenture, the Continuing Disclosure Certificate, the Acquisition Agreement, or any other agreements among the Developer, a Relevant Entity, the City, and/or the Community Facilities District or to which the Developer or a Relevant Entity is a party or beneficiary.

9. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the Developer is not aware that any other public debt secured by a tax or assessment on the Property exists or is in the process of being authorized or any assessment districts or community facilities districts have been or are in the process of being formed that include any portion of the Property.

10. The Developer has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that the Developer and some of its Relevant Entities have been delinquent at one time or another in the payment of *ad valorem* property taxes, special assessments or special taxes. However, to the Actual Knowledge of the Undersigned, neither the Developer nor any Relevant Entity has been delinquent in any material extent in the last five years in the payment of special assessments or special taxes on property in California owned by the Developer or by any such Relevant Entity during the period of its ownership included within the boundaries of a community facilities district or an assessment district within California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being filed against the delinquent Developer or Relevant Entity in a court of law.

11. The Developer consents to the issuance of the 2020 Bonds. The Developer acknowledges and agrees that the proceeds of the 2020 Bonds will be used as described in the Preliminary Official Statement.

12. The Developer is aware of the requirement to comply with the provision of the Mello-Roos Community Facilities Act of 1982, as amended relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

13. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

14. To the Actual Knowledge of the Undersigned, Relevant Entities of the Developer are able to pay their bills as they become due and no legal proceedings are pending against any Relevant Entity of the Developer (with proper service of process to the applicable Relevant Entity having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Relevant Entities of the Developer may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debts or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

15. The Developer has not filed for, nor is the Developer aware of, current proceedings for the reassessment of the assessed value of portions of the Property, other than in connection with the sale of homes to individual homebuyers.

16. Based upon its current development plans, including, without limitation, its current budget and subject to economic conditions and risks generally inherent in the development of real property, including, but not limited to, the risks described in the Preliminary Official Statement under the sections "SPECIAL RISK FACTORS" and "PROPERTY OWNERSHIP AND THE DEVELOPMENT," the Developer anticipates that it will have sufficient funds to complete the development of the Property as described in the Preliminary Official Statement, and to pay Special Taxes due at any time with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency, and the Developer does not anticipate that the City or the Community Facilities District will be required to resort to a draw on the Reserve Fund for payment of principal of or interest on the 2020 Bonds due to the Developer's nonpayment of Special Taxes. However, neither the Developer nor its Relevant Entities are obligated to make any additional capital contribution or loan to the Developer at any time, and the Developer reserves the right to change its development plan and financing plan for the Property at any time without notice, and there is no recourse against the Developer for failure to pay Special Taxes other than the filing of a foreclosure action against the delinquent Property.

17. To the Actual Knowledge of the Undersigned, there are no claims, disputes, suits, actions, or contingent liabilities by and among the Developer, its Relevant Entities, or any contractors working on the development of the Property which are reasonably likely to

materially and adversely affect the development of the Property as described in the Preliminary Official Statement or the payment of the Special Taxes due at any time with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

18. An appraisal of the taxable properties within the Improvement Area No. 8F of the Community Facilities District, dated \_\_\_\_\_, 2020 (the “**Appraisal Report**”), was prepared by Integra Realty Resources (the “**Appraiser**”). The Appraisal Report estimates the market value of the taxable properties within the Community Facilities District as of April 1, 2020 (the “**Date of Value**”). To Actual Knowledge of the Undersigned, all information submitted by, or on behalf of and authorized by, the Developer to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow or circled in Exhibit B attached hereto, was true and correct in all material respects as of the Date of Value.

19. Solely as to the limited information described in the sections of the Preliminary Official Statement indicated in Paragraph 7 above, the Developer agrees to indemnify and hold harmless, to the extent permitted by law, the City, the Community Facilities District, and their officials and employees, and each Person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended, against any and all losses, claims, damages or liabilities, joint or several, to which such indemnified party may become subject under any statute or at law or in equity or otherwise and shall reimburse any such indemnified party for any reasonable legal or other expense incurred by it in connection with investigating any such claim against it and defending any such action, insofar and to the extent such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement by the Developer of a material fact or the omission or alleged omission of a material fact in the above-referenced information in the Preliminary Official Statement as of its date, necessary to make the statements made by the Developer contained therein, in light of the circumstances under which they were made not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Developer may otherwise have to any indemnified party, provided that in no event shall the Developer be obligated for double indemnification, or for the negligence or willful misconduct of an indemnified party.

20. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Relevant Entities, the proposed development of the Property, ownership of the Property, the Developer’s development plan, the Developer’s financing plan, the Developer’s lenders, if any, and contractual arrangements of the Developer or any Relevant Entities (including, if material to the Developer’s development plan or the Developer’s financing plan, other loans of such Relevant Entities) shall occur of which the undersigned has actual knowledge and which the undersigned believes would cause the information under the sections of the Preliminary Official Statement indicated in Paragraph 7 hereof, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Developer shall notify the City, the Community Facilities District and the Underwriter and if in the opinion of counsel to the City, the Community Facilities District or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the City and the Community Facilities District in the preparation

of an amendment or supplement to the Preliminary Official Statement in form and substance satisfactory to counsel to the City and to the Underwriter.

21. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the 2020 Bonds at the time of issuance of the 2020 Bonds in substantially the form attached as Exhibit A. If any event related to or affecting the Developer, its Relevant Entities, or the ownership, development, or sale of the Property occurs, as a result of which it is necessary to modify the Closing Certificate, the Developer agrees to deliver a new Closing Certificate revised to reflect such event.

22. The Developer acknowledges and agrees that: (i) in connection with the purchase and sale of the 2020 Bonds under the Purchase Agreement, and with the discussions, undertakings and procedures leading up to the consummation of the purchase and sale of the 2020 Bonds under the Purchase Agreement, the Underwriter is and has been acting solely as principal and is not acting as the agent or fiduciary of the Developer; (ii) the Underwriter has not assumed a fiduciary responsibility in favor of the Developer with respect to (a) the offering of the 2020 Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Developer on other matters), or (b) any other obligation to the Developer with respect to the offering contemplated by the Purchase Agreement; and (iii) the Developer has consulted its own legal, financial and other advisors to the extent it has deemed appropriate in connection with the offering contemplated by the Purchase Agreement.

23. On behalf of the Developer, the undersigned has reviewed the contents of this Letter of Representations and has met with counsel to the Developer for the purpose of discussing the meaning of its contents. The undersigned acknowledges and understands that a variety of state and federal securities laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Developer and that under some circumstances certification as to the matters set forth in this Letter of Representations, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such securities laws.

[Signature Page Follows]

The undersigned has executed this Letter of Representations solely in his or her capacity as an authorized representative of Developer and he or she will have no personal liability arising from or relating to this Letter of Representations. Any liability arising from or relating to this Letter of Representations may only be asserted against the Developer.

**PARDEE HOMES**

By: \_\_\_\_\_



**EXHIBIT A**  
**CITY OF BEAUMONT**  
**COMMUNITY FACILITIES DISTRICT NO. 93-1**  
**(IMPROVEMENT AREA NO. 8F)**  
**2020 SPECIAL TAX BONDS**

**FORM OF CLOSING CERTIFICATE OF**  
**PARDEE HOMES**

\_\_\_\_\_, 2020

City of Beaumont Community Facilities District No. 93-1  
Beaumont, California

Stifel, Nicolaus & Company, Incorporated  
Los Angeles, California

Ladies and Gentlemen:

Reference is made to the City of Beaumont Community Facilities District No. 93-1 (the “**Community Facilities District**”) and the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8F) 2020 Special Tax Bonds (the “**2020 Bonds**”) and to the Bond Purchase Agreement, dated \_\_\_\_\_, 2020 (the “**Purchase Agreement**”), entered into in connection therewith. This Closing Certificate of Pardee Homes (the “**Closing Certificate**”) is delivered by Pardee Homes (the “**Developer**”) pursuant to the Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations of Pardee Homes (the “**Letter of Representations**”), dated \_\_\_\_\_, 2020 delivered by the Developer, a copy of which is attached hereto as Exhibit A.

The undersigned certifies that he is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement relating to the 2020 Bonds (the “**Official Statement**”). Each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the final Official Statement.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 7 of the Letter of Representations relating to the Developer, and its Relevant Entities, the proposed development of the Property, ownership of the Property, the Developer’s development plan, the Developer’s financing plan, the Developer’s lenders, if any, and contractual arrangements of the Developer or any Relevant Entities (including, if material to the Developer’s development plan or the Developer’s financing plan other loans of such Relevant Entities) which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the “End of the Underwriting Period” as defined in the Purchase Agreement (provided the Developer may assume the End of the Underwriting Period is the Closing Date (as defined in the Purchase Agreement), unless it receives written notice from the Underwriter that the End of the Underwriting Period is later than the Closing Date), if any event relating to or affecting the Developer, its Relevant Entities or the development of the Property shall occur as a result of which the information referred to in Paragraph 7 of the Letter of Representations contains an 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, the Developer shall notify the City, the Community Facilities District and the Underwriter, and if, in the opinion of counsel to the City, the Community Facilities District or the Underwriter, such event requires the preparation and publication of a supplement or amendment to the information described in the sections of the Official Statement referenced in Paragraph 7 of the Letter of Representations, the Developer shall reasonably cooperate with the City, the Community Facilities District and the Underwriter in the preparation of an amendment or supplement by the Community Facilities District to the Official Statement in form and substance satisfactory to counsel to the City, the Community Facilities District and the Underwriter which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing as of the date of the amendment or supplement to the Official Statement, not misleading.

4. The Developer has duly executed and delivered the Continuing Disclosure Certificate, and the Continuing Disclosure Certificate constitutes the legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, except as such enforcement is limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance, and other similar laws relating to or affecting the rights of creditors and certain equitable, legal, or statutory principles affecting the enforcement of contractual rights generally, regardless of whether such enforcement is considered in a proceeding in equity or at law.

[Signature Page Follows]

The undersigned has executed this Closing Certificate solely in his or her capacity as an authorized representative of Developer and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Developer.

**PARDEE HOMES**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT B**

**CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
(IMPROVEMENT AREA NO. 8F)  
2020 SPECIAL TAX BONDS**

**DEVELOPER PROVIDED INFORMATION IN APPRAISAL REPORT**

See attached.

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2020**

**NEW ISSUE—BOOK-ENTRY-ONLY**

**NO RATING**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, subject to certain qualifications described in the Official Statement, under existing statutes, regulations, rules and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in the Official Statement, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, such interest is exempt from State of California personal income taxes. See "TAX MATTERS" herein.*

**\$12,385,000\***  
**CITY OF BEAUMONT**  
**COMMUNITY FACILITIES DISTRICT NO. 93-1**  
**(IMPROVEMENT AREA NO. 8F)**  
**2020 SPECIAL TAX BONDS**

**Dated: Delivery Date**

**Due: September 1, as shown on the inside cover page**

This Official Statement describes bonds that are being issued by the City of Beaumont Community Facilities District No. 93-1 (the "District"). The City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8F) 2020 Special Tax Bonds (the "Bonds") are being issued by the District to (a) pay the cost and expense of the acquisition and construction of certain public facilities in connection with the development of the District; (b) fund a reserve account securing the Bonds; and (c) pay costs of issuance of the Bonds.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California), and pursuant to a resolution adopted by the City Council of the City of Beaumont (the "City"), acting as the legislative body of the District, and a Bond Indenture, dated as of June 1, 2020 (the "Indenture"), by and between the District and Wilmington Trust, National Association, as trustee (the "Trustee").

**The Bonds are limited obligations of the District and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on and collected from the owners of parcels within Improvement Area No. 8F of the District subject to the Special Taxes and from certain other funds pledged under the Indenture, all as further described herein. The Special Taxes are to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within Improvement Area No. 8F of the District. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes." The City Council of the City is the legislative body of the District.**

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds may be made in principal amounts of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing September 1, 2020. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS—General Provisions" and APPENDIX F—"BOOK-ENTRY ONLY SYSTEM" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES TO BE LEVIED IN IMPROVEMENT AREA NO. 8F OF THE DISTRICT AND CERTAIN OTHER AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The Bonds are subject to redemption prior to maturity as set forth herein. See "THE BONDS—Redemption" herein.

**THE BONDS ARE NOT RATED BY ANY RATING AGENCY, AND INVESTMENT IN THE BONDS INVOLVES SIGNIFICANT RISKS THAT ARE NOT APPROPRIATE FOR CERTAIN INVESTORS. CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "SPECIAL RISK FACTORS" FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.**

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**MATURITY SCHEDULE**  
(See Inside Cover Page)

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and subject to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California is serving as Disclosure Counsel to the District with respect to the Bonds. Certain legal matters will be passed on for the City and the District by Slovák, Baron, Empey, Murphy & Pinkney LLP, Palm Springs, California, and for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2020.

[STIFEL LOGO]

Dated: \_\_\_\_\_, 2020

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

\$ \_\_\_\_\_  
**CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
(IMPROVEMENT AREA NO. 8F)  
2020 SPECIAL TAX BONDS**

**MATURITY SCHEDULE**

**Base CUSIP No.†: \_\_\_\_\_**

**Serial Bonds**

<i><b>Maturity Date (September 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Interest Rate</b></i>	<i><b>Yield</b></i>	<i><b>Price</b></i>	<i><b>CUSIP No.†</b></i>
---	------------------------------------	-----------------------------	---------------------	---------------------	--------------------------

**Term Bonds**

\$ \_\_\_\_\_ % Term Bonds due September 1, \_\_\_\_\_, Yield: \_\_\_\_\_% Price: \_\_\_\_\_ CUSIP No.† \_\_\_\_\_

\$ \_\_\_\_\_ % Term Bonds due September 1, \_\_\_\_\_, Yield: \_\_\_\_\_% Price: \_\_\_\_\_ CUSIP No.† \_\_\_\_\_

\$ \_\_\_\_\_ % Term Bonds due September 1, \_\_\_\_\_, Yield: \_\_\_\_\_% Price: \_\_\_\_\_ CUSIP No.† \_\_\_\_\_

† 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 City, the District or the Underwriter or its counsel takes any responsibility for the accuracy of CUSIP data in this Official Statement. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**CITY OF BEAUMONT  
COUNTY OF RIVERSIDE**

**CITY COUNCIL  
Serving as the Legislative Body of  
City of Beaumont Community Facilities District No. 93-1**

Rey Santos, Mayor  
Mike Lara, Mayor Pro Tem  
Nancy Carroll  
Julio Martinez  
Lloyd White

**CITY OFFICIALS**

Todd Parton, City Manager  
Kristine Day, Assistant City Manager  
Jeff Mohlenkamp, Director of Finance  
Steven Mehlman, City Clerk  
John Pinkney, City Attorney

**BOND COUNSEL AND DISCLOSURE COUNSEL**

Stradling Yocca Carlson & Rauth,  
a Professional Corporation,  
Newport Beach, California

**MUNICIPAL ADVISOR**

Urban Futures, Inc.  
Tustin, California

**SPECIAL TAX CONSULTANT**

WEBB Municipal Finance, LLC  
Riverside, California

**REAL ESTATE APPRAISER**

Integra Realty Resources  
Rocklin, California

**TRUSTEE**

Wilmington Trust, National Association  
Costa Mesa, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the City and the District. No dealer, broker, salesperson or other person has been authorized by the City, the District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the District, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment to this Official Statement, is intended to be deposited with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at [www.emma.msrb.org](http://www.emma.msrb.org).

The information set forth in this Official Statement which has been obtained from third party sources is believed to be reliable, but such information is not guaranteed as to accuracy or completeness by the City or the District. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the District or any other parties described in this Official Statement since the date of this Official Statement. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is made by this Official Statement to such documents on file with the City for further information. While the City maintains an internet website for various purposes, none of the information on that website is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the City. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 8F.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.



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[INSERT LOCATION MAP HERE]

[INSERT REGIONAL MAP HERE]

[INSERT AERIAL PHOTO HERE]

**\$12,385,000\***  
**CITY OF BEAUMONT**  
**COMMUNITY FACILITIES DISTRICT NO. 93-1**  
**(IMPROVEMENT AREA NO. 8F)**  
**2020 SPECIAL TAX BONDS**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page, the table of contents and the appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance by the City of Beaumont Community Facilities District No. 93-1 (the “District”) of its (Improvement Area No. 8F) 2020 Special Tax Bonds (the “Bonds”) in the aggregate principal amount of \$12,385,000\*. The proceeds of the Bonds will be used to (a) pay the cost and expense of the acquisition and construction of certain public facilities required in connection with the development of the District; (b) fund a reserve account securing the Bonds; and (c) pay costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and pursuant to a resolution adopted by the City Council of the City of Beaumont (the “City Council”), acting as the legislative body of the District, on \_\_\_\_\_, 2020 and a Bond Indenture dated as of June 1, 2020 (the “Indenture”), by and between the District and Wilmington Trust, National Association, as trustee (the “Trustee”).

The Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes (as defined herein) levied on parcels within Improvement Area No. 8F of the District and all moneys in the Special Tax Fund as described in the Indenture. See “SOURCES OF PAYMENT FOR THE BONDS.”

The Bonds are being issued and delivered pursuant to the provisions of the Act and the Indenture. The Bonds are being sold pursuant to a Bond Purchase Agreement between the Underwriter and the District. For more complete information, see “THE BONDS—General Provisions” herein.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—DEFINITIONS” herein.

**The District**

**General.** The District is located throughout the City of Beaumont (the “City”). Improvement Area No. 8F therein is more specifically located in the northeastern portion of the City, bounded by Brookside Avenue to the north, Orchard Heights Avenue to the east, Alpine Avenue to the south and Lundy Lane to the west. As of April 1, 2020, the date of value set forth in the Appraisal (as hereinafter defined), 224 homes within Improvement Area No. 8F had been built and sold to individual homeowners while 70 parcels were still owned by Pardee Homes, a California corporation (the “Developer”), the entity developing the land within Improvement Area No. 8F. As of April 1, 2020, 45 units were under contract to be sold to individual homeowners. As of May 15, 2020, an additional \_\_\_ completed homes had been conveyed to individual

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\* Preliminary, subject to change.

homeowners. No parcel has fully prepaid its Special Tax obligation to date; accordingly, all parcels will be subject to the Special Tax levy going forward, subject to future Special Tax prepayments, if any.

In connection with the development within Improvement Area No. 8F, the Developer provided materials to the owners of 50 lots identifying an incorrect Assigned Special Tax Rate. As a result, the Developer prepaid a portion of the Special Taxes on these lots to reduce the Assigned Special Tax Rates to those identified in the materials. All of the tables within this Official Statement have accounted for these partial prepayments.

As of April 1, 2020, the date of value set forth in the Appraisal, building permits had been pulled on all parcels within Improvement Area No. 8F; accordingly, all lots will be classified and levied against as Developed Property beginning in Fiscal Year 2020-21.

THE DISTRICT ALSO CONTAINS SEVERAL OTHER IMPROVEMENT AREAS. NONE OF THE SPECIAL TAXES COLLECTED WITHIN THESE OTHER IMPROVEMENT AREAS ARE AVAILABLE TO PAY DEBT SERVICE ON THE BONDS.

**Formation Proceedings.** The District was formed by the City pursuant to the Act and constitutes a governmental entity separate and apart from the City.

The Act was enacted by the California legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a community facilities district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Act, the City formed the District on August 11, 1993. Subsequent to a noticed public hearing on May 19, 2015, the City Council adopted resolutions which established Improvement Area No. 8F, authorized the levy of special taxes within Improvement Area No. 8F, determined the necessity to incur bonded indebtedness within Improvement Area No. 8F, and called an election within Improvement Area No. 8F on the proposition of incurring bonded indebtedness, levying special taxes and setting an appropriations limit within Improvement Area No. 8F.

On May 19, 2015, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed \$25,000,000 and approved a rate and method of apportionment of special tax for Improvement Area No. 8F (the “Rate and Method”). A copy of the Rate and Method is attached hereto as Appendix A.

**Property Ownership and Development Status**

Improvement Area No. 8F is specifically located in the northeastern portion of the City, bounded by Brookside Avenue to the north, Orchard Heights Avenue to the east, Alpine Avenue to the south and Lundy Lane to the west. The development within Improvement Area No. 8F is planned for 294 proposed single family homes divided into six neighborhoods. The balance of the property within Improvement Area No. 8F is anticipated to be used for recreational facilities, parks and open space.

All property planned for residential development in the six residential neighborhoods is being developed by the Developer. The area included in Improvement Area No. 8F has been graded and major infrastructure (sewer, water, storm drains, utilities, and arterial roads) to be installed by the Developer has been completed. As of April 1, 2020, the date of value set forth in the Appraisal, 224 fully completed homes had

been conveyed to individual homeowners and 70 homes were owned by the Developer, of which 13 homes were substantially complete, 20 homes were under construction and 37 lots were in finished condition. As of April 1, 2020, 45 units were under contract to be sold to individual homeowners. As of May 15, 2020, an additional \_\_\_ completed homes had been conveyed to individual homeowners. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT” herein.

**Forward Looking Statements**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a “plan,” “expect,” “estimate,” “project,” “budget” or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 8F” and “APPRAISAL REPORT.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

**Sources of Payment for the Bonds**

*General.* The Bonds and any Parity Bonds are limited obligations of the District, and the interest on and principal of and redemption premiums, if any, on the Bonds and any Parity Bonds are payable solely from the Special Taxes to be levied annually against the property in Improvement Area No. 8F of the District, or, to the extent necessary, from the moneys on deposit in the Reserve Account. As described herein, the Special Taxes are collected along with *ad valorem* property taxes on the tax bills mailed by the Treasurer-Tax Collector of the County of Riverside (the “County”). Although the Special Taxes will constitute a lien on the property subject to taxation in Improvement Area No. 8F, they will not constitute a personal indebtedness of the owners of such property. There is no assurance that such owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if they are financially able to do so.

*Limited Obligations.* Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds and any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the City nor general obligations of the District, but are special obligations of the District payable solely from Special Taxes collected in Improvement Area No. 8F and amounts held under the Indenture as more fully described herein.

*Special Tax.* As used in this Official Statement, the term “Special Tax” is that tax which has been authorized pursuant to the Act to be levied against certain land within Improvement Area No. 8F of the District pursuant to the Act and in accordance with the Rate and Method to pay for facilities only, but excluding penalties and interest imposed upon delinquent installments. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes” and APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” Under the Indenture, the District will pledge to repay the Bonds and any Parity Bonds from the Special Tax revenues remaining after the payment of annual Administrative Expenses of the District up to the Administrative Expenses Cap (the “Net Taxes”) and from amounts on deposit in the Special Tax Fund established under the Indenture.



The Special Taxes are the primary security for the repayment of the Bonds and any Parity Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds and any Parity Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account therein. See “SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund.”

Special Taxes within Improvement Area No. 8F were first levied in Fiscal Year 2017-18.

**Reserve Account.** The Indenture creates a Reserve Account for the Bonds. In order to secure further the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in the Reserve Account an amount equal to the Reserve Requirement for the Bonds and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement for the Bonds. The initial Reserve Requirement for the Bonds shall be \$\_\_\_\_\_, and the Reserve Requirement shall never exceed this amount. See “SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund.”

**Foreclosure Proceeds.** The District will covenant for the benefit of the Owners of the Bonds and the landowners of Improvement Area No. 8F securing such Bonds that it will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies within Improvement Area No. 8F, if the District determines that any single property owner subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of \$2,500 or more or as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within Improvement Area No. 8F, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) the District will cause judicial foreclosure proceedings to be filed in the Superior Court within ninety (90) days of such determination against all properties for which the Special Taxes remain delinquent.

The District will further covenant that it will deposit any Gross Taxes received in connection with a foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

The District does not participate in the County’s Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”); accordingly, the collection of Special Taxes are subject to delinquency. See “SOURCES OF PAYMENT FOR THE BONDS—No Teeter Plan.”

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND CERTAIN AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.**

**Parity Bonds for Refunding Purposes Only.** Under the terms of the Indenture, the District may issue additional bonds secured by the Net Taxes on a parity with the Bonds (“Parity Bonds”) if certain conditions are met; provided, however, that Parity Bonds may only be issued for the purpose of refunding the Bonds or other Parity Bonds. See “SOURCES OF PAYMENT FOR THE BONDS—Issuance of Parity Bonds.” Parity Bonds may be issued by means of a supplemental indenture and without any requirement for the consent of

any Bond owners. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—DEFEASANCE AND PARITY BONDS.”

*Liens.* Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes have been levied and may also be levied in the future on the property within Improvement Area No. 8F which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments” herein. See Table 5 for a description of the direct and overlapping debt applicable to the parcels within Improvement Area No. 8F.

**Appraisal Report**

An MAI appraisal of the land and existing improvements within Improvement Area No. 8F (the “Appraisal Report”) was prepared by Integra Realty Resources, Rocklin, California (the “Appraiser”). The Appraisal Report is dated \_\_\_\_\_, 2020. See APPENDIX H—“APPRAISAL REPORT.” The Appraisal Report provides an estimate of the approximate market value of certain of the property in Improvement Area No. 8F of the District, assuming development of the property as currently planned, and assessed value of the remainder of the taxable property in Improvement Area No. 8F. As currently planned, development in Improvement Area No. 8F of the District will consist of 294 residential units. As of April 1, 2020, the date of value set forth in the Appraisal, the Appraiser estimates that the value of all of the Taxable Parcels (based on market and assessed value) within Improvement Area No. 8F of the District subject to the Special Tax was \$100,774,760.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix H. The City and the District make no representations as to the accuracy of the Appraisal Report. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 8F—Appraisal Report” and “—Value-to-Lien Ratios.” There is no assurance that property within Improvement Area No. 8F can be sold for the prices set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to pay the Special Tax for that parcel in the event of a default in payment of Special Taxes by the land owner. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 8F,” “SPECIAL RISK FACTORS—Land Values,” “—COVID-19 (Coronavirus) Pandemic” and APPENDIX H—“APPRAISAL REPORT” herein.

**Description of the Bonds**

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.”

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Trustee, all as described in the Indenture. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—GENERAL AUTHORIZATION AND BOND TERMS—Transfers Outside Book-Entry System” herein.

The Bonds are subject to optional redemption, extraordinary redemption, and mandatory sinking fund redemption as described herein. See “THE BONDS—Redemption.” For a more complete description of the

Bonds and the basic documentation pursuant to which they are being sold and delivered, see “THE BONDS” and APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE” herein.

### **Professionals Involved in the Offering**

Wilmington Trust, National Association, Costa Mesa, California, will act as Trustee under the Indenture. Stifel, Nicolaus & Company, Incorporated, will serve as the underwriter (the “Underwriter”) of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure Counsel to the District in connection with the issuance of the Bonds. Certain legal matters will be passed on for the District and the City by Slovak, Baron, Empey, Murphy & Pinkney LLP, Palm Springs, California, for the Underwriter by Kutak Rock LLP, Irvine, California, as counsel to the Underwriter, and for the Trustee by its counsel. Other professional services have been performed by Integra Realty Resources, Rocklin, California, as the Appraiser, Urban Futures, Inc., Tustin, California, as Municipal Advisor to the City and the District, and WEBB Municipal Finance, LLC, Riverside, California, as Special Tax Consultant.

Certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds. See “FINANCIAL INTERESTS” herein.

### **Continuing Disclosure**

The District has agreed to provide, or cause to be provided, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission (the “Rule”) certain financial information and operating data on an annual basis (the “District Reports”). The District has further agreed to provide, in a timely manner, notice of certain events with respect to the Bonds (the “Listed Events”). These covenants have been made in order to assist the Underwriter in complying with the Rule. The District Reports will be filed with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”) available on the Internet at <http://emma.msrb.org>. Notices of Listed Events will also be filed with the MSRB. The District has previously entered into various continuing disclosure obligations. The City will assist the District in preparing the District Reports. Within the last five years, the City and certain related entities have failed to comply in certain respects with prior continuing disclosure undertakings. See “CONTINUING DISCLOSURE.”

See “CONTINUING DISCLOSURE” herein and Appendix E-1—“FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE” hereto for a description of the specific nature of the annual reports to be filed by the District and notices of Listed Events and a copy of the continuing disclosure undertakings pursuant to which such District Reports are to be made.

The Developer will also covenant in a separate Continuing Disclosure Certificate, the form of which is set forth in Appendix E-2 for the benefit of the Owners, to provide semi-annual reports containing updates of certain development information within Improvement Area No. 8F relating to its development within Improvement Area No. 8F and notices of certain significant events. The specific nature of the information to be contained in the semi-annual reports or notices of significant events and certain other terms of the Developer’s continuing disclosure obligations is contained in Appendix E-2 — “FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE.” See “CONTINUING DISCLOSURE.”

### **SEC Order**

On August 23, 2017, following an offer of settlement by the Beaumont Financing Authority (the “BFA”), the U.S. Securities and Exchange Commission (“SEC”) entered a Cease-and-Desist Order and imposed certain undertakings on the BFA (the “SEC Order”). The BFA neither admits nor denies the findings

in the SEC Order. The members of the City Council of the City act as the Board of Directors of the BFA and City staff acts as the staff of the BFA. A copy of the SEC Order is attached hereto as Appendix G.

**Bond Owners’ Risks**

Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The Bonds are not rated by any nationally recognized rating agency. The purchase of the Bonds involves significant risks, and the Bonds may not be appropriate investments for certain investors. See “SPECIAL RISK FACTORS” herein.

**Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds and the constitution and laws of the State as well as the proceedings of the Board, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Copies of the Indenture and other documents and information are available for inspection and (upon request and payment to the District of a charge for copying, mailing and handling) for delivery from the City at 550 East 6<sup>th</sup> Street, Beaumont, California 92223.

**ESTIMATED SOURCES AND USES OF FUNDS**

The following table sets forth the expected sources and uses of Bond proceeds and Special Taxes on hand.

**Sources of Funds:**

Principal Amount of Bonds	\$
[Plus] [Net] Original Issue [Premium]	_____
Total Sources	\$ _____

**Uses of Funds:**

Acquisition and Construction Fund <sup>(1)</sup>	\$
Costs of Issuance <sup>(2)</sup>	
Reserve Account	_____
Total Uses	\$ _____

<sup>(1)</sup> See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 8F—Description of Authorized Facilities” for a list of facilities eligible to be financed with Bond proceeds deposited into the Acquisition and Construction Fund.”

<sup>(2)</sup> Includes Underwriter’s Discount, Bond Counsel fees, Disclosure Counsel fees, Special Tax Consultant fees, Municipal Advisor fees, Trustee fees, printing costs and other issuance costs.

Source: The Underwriter.

## THE BONDS

### General Provisions

The Bonds will be dated as of their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing on September 1, 2020 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement.

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on that Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

As used herein, Record Date means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

Interest on any Bond will be paid to the person whose name appears in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. Such interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the Bondowner at its address on the Bond Register. In addition, with respect to any Bonds owned by the District and upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds, payment will be made by wire transfer in immediately available funds to an account designated by such Owner.

Principal of the Bonds and any premium due upon redemption is payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee in Costa Mesa, California.

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple thereof. So long as DTC is the securities depository all payments of principal and interest on the Bonds will be made to DTC and will be paid to the Beneficial Owners in accordance with DTC’s procedures and the procedures of DTC’s Participants. See APPENDIX F—“BOOK-ENTRY-ONLY SYSTEM.”

**Debt Service Schedule**

The following table presents the annual debt service on the Bonds (including sinking fund redemption), assuming there are no optional or extraordinary redemptions. See “SOURCES OF PAYMENT FOR THE BONDS” and “THE BONDS—Redemption.”

<i>Date (September 1)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
Total			

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Source: The Underwriter.

**Redemption\***

**Optional Redemption.** The Bonds may be redeemed, at the option of the District from any source of funds, other than Prepayments, on any date on or after \_\_\_\_\_, in whole, or in part by lot, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, at the following redemption prices (expressed a percentages of the principal amount of the Bonds to be redeemed):

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\* Preliminary, subject to change.

<i>Redemption Dates</i>	<i>Redemption Price</i>
_____ through _____	103%
_____ through _____	102
_____ through _____	101
_____ and any date thereafter	100

In the event the District elects to optionally redeem Bonds, the District shall give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds of each maturity to be redeemed. The notice to the Trustee shall be given at least 45 but no more than 60 days prior to the redemption date, or by such later date as is acceptable to the Trustee, in its sole discretion.

***Extraordinary Redemption from Special Tax Prepayments.*** The Bonds are subject to extraordinary redemption as a whole or in part, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account plus amounts transferred from the Reserve Account pursuant to the Indenture, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Price</i>
Interest Payment Dates to and including March 1, 2028	103%
September 1, 2028 and March 1, 2029	102
September 1, 2029 and March 1, 2030	101
September 1, 2030 and each Interest Payment Date thereafter	100

Prepayments and amounts released from the Reserve Account in connection with Prepayments will be allocated to the redemption of the Bonds and any Parity Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of the Bonds and any Parity Bonds and shall be applied to redeem Bonds and Parity Bonds as nearly as practicable on a pro rata basis among maturities in increments of \$5,000; provided, however, that, for Prepayments of less than \$50,000, the District may specify in a Certificate of an Authorized Representative that Prepayments be applied to one or more maturities of the Bonds or Parity Bonds so long as there is delivered to the Trustee a Certificate of the Special Tax Consultant that, following such redemption from Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Developed Property is not less than 110% of Maximum Annual Debt Service net of the Administrative Expenses Cap.

***Mandatory Sinking Fund Redemption.*** The Term Bonds maturing on September 1, \_\_\_\_\_ (the “\_\_\_\_\_ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, \_\_\_\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 2038 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:

<b><i>Sinking Fund Redemption Date</i></b> <b><i>(September 1)</i></b>	<b><i>Sinking Fund Payments</i></b>
---	-------------------------------------

(maturity)

The Term Bonds maturing on September 1, \_\_\_\_\_ (the “\_\_\_\_\_ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, \_\_\_\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 2038 Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

***Sinking Fund Redemption Date  
(September 1)***

***Sinking Fund Payments***

(maturity)

The Term Bonds maturing on September 1, \_\_\_\_\_ (the “\_\_\_\_\_ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, \_\_\_\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 2038 Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

***Sinking Fund Redemption Date  
(September 1)***

***Sinking Fund Payments***

(maturity)

In the event of a partial optional redemption or extraordinary redemption of \_\_\_\_\_ Term Bonds, \_\_\_\_\_ Term Bonds or \_\_\_\_\_ Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000.

***Selection of Bonds and Parity Bonds for Redemption.*** If less than all of the Bonds Outstanding are to be redeemed, the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof. So long as the Bonds are registered in the name of the Nominee, such Bonds or any portion thereof shall be selected by the Depository in accordance with its operating procedures.

***Notice of Redemption.*** So long as the Bonds are held in book-entry form, the Beneficial Owners will not be mailed any notice of redemption by the Trustee. It is the responsibility of DTC Participants to provide such notice. See APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.” The Trustee is obligated to provide at least 30 days but not more than 45 days prior to the date of redemption, notice of intended redemption, by first-class mail, postage prepaid, to the respective registered owners of the Bonds at the addresses appearing on the Bond registration books; provided, however, so long as the Bonds and Parity Bonds are registered in the name of the Nominee, such notice shall be given in such manner as complies with the requirements of the Depository. The notice of redemption must: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds are subject to redemption, or all the Bonds or Parity Bonds of one maturity are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally issued; (vii) state the rate of interest borne by each Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Trustee. Such notice must further state that on the date fixed for



redemption, there will become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable.

So long as notice of redemption has been provided as set forth in the Indenture, the actual receipt by the owner of any Bond of notice of such redemption is not a condition precedent to redemption, and neither the failure to receive such notice nor any defect therein will affect the validity of the proceedings for redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Any redemption notice for an optional redemption of the Bonds delivered in accordance with the Indenture may be conditional, and, if any condition stated in the redemption notice has not been satisfied on or prior to the redemption date: (i) the redemption notice will be of no force and effect, (ii) the District will not be required to redeem such Bonds, (iii) the redemption will not be made, and (iv) the Trustee will within a reasonable time thereafter give notice to the persons to whom such conditional redemption notice was given in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

**Effect of Redemption.** When notice of redemption has been given, and when the amount necessary for redemption has been made available for that purpose and is available therefor on the date fixed for such redemption, the Bonds designated for redemption will become due and payable on the date fixed for redemption upon presentation and surrender of the Bonds at the place specified in the notice of redemption. Bonds or portions thereof so designated for redemption will be deemed to be no longer Outstanding and such Bonds, or portions thereof, will cease to bear further interest. As of the date fixed for redemption no Owner of any of the Bonds or portions thereof so designated for redemption will be entitled to any of the benefits of the Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

**Purchase in lieu of Redemption.** The Bonds may be purchased by the District in lieu or partially in lieu of redemption of Bonds. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—CREATION OF FUNDS AND APPLICATION OF NET TAXES—Redemption Account of the Special Tax Fund.”

**Registration, Transfer and Exchange**

**Registration.** The Trustee will keep sufficient books for the registration and transfer of the Bonds. The ownership of the Bonds will be established by the Bond registration books held by the Trustee.

**Transfer or Exchange.** Whenever any Bond is surrendered for registration of transfer or exchange, the Trustee will authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount of authorized denominations; provided that the Trustee will not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date of any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

**SOURCES OF PAYMENT FOR THE BONDS**

**Limited Obligations**

The Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account therein, for the exclusive benefit of the owners of the Bonds,

and foreclosure proceeds resulting from the sale of delinquent parcels if and when available. See “—Reserve Account of the Special Tax Fund.”

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES TO BE LEVIED IN IMPROVEMENT AREA NO. 8F AND CERTAIN OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

**Special Taxes**

*Authorization and Pledge.* In accordance with the provisions of the Act, the City established the District on August 11, 1993 and Improvement Area No. 8F therein on May 19, 2015 for the purpose of financing the various public improvements and services required in connection with the proposed development within Improvement Area No. 8F. On May 19, 2015, an election was held within Improvement Area No. 8F of the District at which the landowners eligible to vote approved the issuance of bonds for Improvement Area No. 8F of the District in an amount not to exceed \$25,000,000, secured by special taxes levied on property within Improvement Area No. 8F of the District to finance Facilities. The landowners within Improvement Area No. 8F of the District also voted to approve the Rate and Method which authorized the Special Tax to be levied to repay indebtedness issued for the benefit of Improvement Area No. 8F of the District, including the Bonds. There are two types of special taxes levied by the District within Improvement Area No. 8F: a special tax for facilities and a special tax for services. Throughout this Official Statement, all references to the Special Tax shall refer to the special tax for facilities. **The special tax for services is not pledged to, and shall not be available to make payments on, the Bonds.**

The District will covenant in the Indenture that it will levy Special Taxes up to the maximum rates permitted under the Rate and Method in an amount sufficient, together with other amounts on deposit in the Special Tax Fund, to pay the principal of and interest on any Outstanding Bonds and any Parity Bonds, to maintain the Reserve Account at the Reserve Requirement and to pay the estimated Administrative Expenses.

The “Special Taxes” are the special taxes for facilities authorized to be levied and collected by the District in accordance with the Rate and Method and the Act. The Special Taxes are collected in the manner and at the same time as *ad valorem* property taxes are collected and are subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The “Net Taxes” pledged by the District to the Bonds (and any Parity Bonds) is defined in the Indenture as the “Gross Taxes” minus amounts permitted to be set aside prior to the payment of the principal of and interest on the Bonds and Parity Bonds in order to pay Administrative Expenses up to the Administrative Expenses Cap. The Administrative Expenses Cap shall be \$30,000 annually.

“Gross Taxes” is defined in the Indenture as the amount of all Special Taxes received by the District from the Treasurer, together with all payments made with respect to tax-defaulted parcels (including all delinquent and redemption penalties, fees and costs) and the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture.

Except for Prepayments which shall be deposited to the Redemption Account, the Trustee will, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund. The Trustee will transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Indenture, in the following order of priority, to:

- (1) The Administrative Expenses Fund;
- (2) The Interest Account of the Special Tax Fund;
- (3) The Principal Account of the Special Tax Fund;
- (4) The Redemption Account of the Special Tax Fund;
- (5) The Reserve Account of the Special Tax Fund;
- (6) The Rebate Fund; and
- (7) The Surplus Fund.

Notwithstanding the foregoing, the total amount transferred to the Administrative Expenses Fund in a Bond Year shall not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the Reserve Account to the Reserve Requirement.

See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE.”

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. The initial Special Tax levy commenced in Fiscal Year 2017-18. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” hereto. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See the caption “*Limitation on Special Tax Levy and Potential Impact on Coverage*” below and “SPECIAL RISK FACTORS—Insufficiency of Special Taxes” herein.

**Rate and Method of Apportionment of Special Tax.** The District is legally authorized and will covenant to cause the levy of the Special Taxes in an amount determined according to a methodology, i.e., the Rate and Method which the City Council and the electors within Improvement Area No. 8F of the District have approved. The Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in Improvement Area No. 8F of the District as more particularly described below. There are two types of special taxes levied by the District within Improvement Area No. 8F: a special tax for facilities and a special tax for services. See “—Special Taxes—*Authorization and Pledge*.”

The following is a synopsis of the provisions of the Rate and Method for Improvement Area No. 8F, which should be read in conjunction with the complete text of the Rate and Method which is attached as APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” The meaning of the defined terms used in this section are as set forth in Appendix A. This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as Appendix A.

“*Building Permit*” means a permit for new construction for a residential or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of retaining walls, utility improvements, or other such improvements not intended for human habitation.

“*Developed Property*” means all Assessor’s Parcels 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 more fully set forth below.

“*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.

“*Special Tax for Facilities*” means any of the special taxes authorized to be levied by the District in Improvement Area No. 8F pursuant to the Act to fund the Special Tax Requirement for Facilities.

“*Special Tax Requirement for Facilities*” means the amount required in any Fiscal Year for Improvement Area No. 8F to pay (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the amount for reasonably anticipated Special Tax for Facilities delinquencies based on the delinquency rate for the Special Tax Levy in the previous Fiscal Year, and (vi) the collection or accumulation of funds for the acquisition or construction of facilities authorized by Improvement Area No. 8F 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.

“*Taxable Property*” means all Assessor’s Parcels within Improvement Area No. 8F which are not Exempt Property.

“*Undeveloped Property*” means all Assessor’s Parcels of Taxable Property which are not Developed Property or Final Map Property.

**Exempt Property.** The City shall classify as Exempt Property: (i) Assessor’s Parcels owned by the State of California, Federal or other local governments, (ii) Assessor’s Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor’s Parcels used exclusively by a 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 49.66 Acres. Notwithstanding the above, the City Council shall not classify an Assessor’s Parcel as Exempt Property pursuant to this paragraph if such classification would reduce the sum of all Taxable Property to less than 49.66 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 49.66 Acres will continue to be classified as Undeveloped Property, and will continue to be subject to Special Taxes accordingly.

**Maximum Special Tax.** The Maximum Special Tax provided for in the Rate and Method is as follows:

Developed Property

The Maximum Special Tax for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax or (ii) the application of the Backup Special Tax. The Maximum Special Tax for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax. The Assigned Special Tax rates for Developed Property escalate by 2.0% annually commencing July 1, 2015.

Undeveloped Property and Final Map Property

The Maximum Special Tax for each Assessor’s Parcel classified as Undeveloped Property and Final Map Property in any Fiscal Year shall be the Assigned Special Tax. The Assigned Special Tax rates for Undeveloped Property and Final Map escalate by 2.0% annually commencing July 1, 2015.

**Assigned Special Tax.** The Assigned Special Tax is determined as follows:

Developed Property

Each Fiscal Year, each Assessor’s Parcel of Developed Property shall be subject to an Assigned Special Tax.

For Fiscal Year 2020-21, the Assigned Annual Special Tax applicable to an Assessor’s Parcel of Developed Property for any Fiscal Year shall range from \$1,818 to \$2,603 for Residential Property.

**Backup Special Tax.** The Backup Special Tax shall be determined as follows:

Each Fiscal Year, each Assessor’s Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax. In each Fiscal Year, the Backup Special Tax rate for Developed Property classified as Residential Property within a Final Map shall be the maximum Special Tax rate per acre for Undeveloped Property for the applicable Fiscal Year multiplied by the acreage of Developed Property classified or to be classified as Residential Property in such Final Map, divided by the number of Lots in the Final Map which are classified or to be classified as Residential Property. Each July 1, commencing July 1, 2015, the Backup Special Tax for each Assessor’s Parcel shall be increased by two percent (2.0%) 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 each changed 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 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 per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

*Method of Apportionment of Special Tax.* Commencing in Fiscal Year 2014-15 and for each subsequent Fiscal Year until terminated, the City Council shall levy Special Taxes on all Taxable Property until the total amount of Special Taxes levied equals the Special Tax Requirement in accordance with the following steps:

**First:** The Special Tax shall be levied Proportionately on each Assessor’s Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax rate as needed to satisfy the Special Tax Requirement for Facilities;

Second: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor’s Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor’s Parcel as needed to satisfy the Special Tax Requirement for Facilities;

Third: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J of the Rate and Method, at up to 100% of the Assigned Special Tax applicable to each such Assessor’s Parcel as needed to satisfy the Special Tax Requirement for Facilities;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor’s Parcel of Developed Property whose Maximum Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities; and

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor’s Parcel of Undeveloped Property classified as Undeveloped Property pursuant to Section J of the Rate and Method at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor’s Parcel as needed to satisfy the Special Tax Requirement for Facilities.

**Prepayment of Special Taxes.** The Special Tax obligation of an Assessor’s Parcel of Developed Property 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 may be prepaid in part or in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time that the Special Tax obligation would be prepaid. The Prepayment Amount is calculated based on the Bond Redemption Amount plus Redemption Premium plus Future Facilities Costs plus the Defeasance Amount plus the Administrative Fees and Expenses, and less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any), all as specified in APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX—Section G.” No parcels within Improvement Area No. 8F have prepaid their Special Tax obligation.

**Estimated Debt Service Coverage.** Pursuant to the Rate and Method, and subject to the Maximum Special Taxes prescribed therein and permitted by the Act, the District will levy Special Taxes on all Taxable Property until the amount of Special Taxes levied equals the Special Tax Requirement. The Bonds have been sized so that the Assigned Special Taxes that may be levied in each Fiscal Year produce an amount equal to at least 110% of the debt service due on the Bonds in such Fiscal Year plus Administrative Expenses of \$30,000. In Fiscal Year 2019-20, Special Taxes were levied only against the 141 lots then classified as Developed Property. As of April 1, 2020, all 294 lots had building permits pulled and will be classified and levied against as Developed Property beginning in Fiscal Year 2020-21.

**Limitation on Special Tax Levy and Potential Impact on Coverage.** Pursuant to Section 53321(d) of the Government Code, the Special Tax levied against any Assessor’s parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Assessor’s parcel within Improvement Area No. 8F by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the tax levy to the Assigned Special Tax in all years. In addition, under the Rate and Method, the Maximum Special Tax for Facilities may only be levied for a period not to exceed thirty-five (35) years on an Assessor’s Parcel once it is classified as Developed Property, and in no event shall the Maximum Special Tax for Facilities be levied after Fiscal Year 2055-56.

**Collection of Special Taxes.** The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County of Riverside in the same manner and at the same time as *ad valorem* property taxes. The District may, however, collect the Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

The County of Riverside assesses and collects secured and unsecured property taxes for the cities, school districts, and special districts within the County of Riverside, including the Special Taxes for Improvement Area No. 8F of the District. The delinquency dates for property tax payments are December 10 for the first installment and April 10 for the second installment. Once the property taxes are collected, the County of Riverside conducts its internal reconciliation for accounting purposes and distributes the City’s share of such taxes (including the Special Taxes) to the City, periodically and typically pursuant to a published schedule. Prior to distribution, the moneys are deposited in an account established on behalf of the County of Riverside in the Riverside County Investment Pool (the “Pool”) which is invested by the County Treasurer. If the County of Riverside or the Pool were at any time to become subject to bankruptcy proceedings, it is possible that District property taxes held in the Pool (including the Special Taxes), if any, could be temporarily unavailable to the County of Riverside. The District does not participate in the County’s Teeter Plan, which is an alternate method for allocating property taxes by counties. Accordingly, the collection of Special Taxes is subject to delinquencies.

The Special Tax levy in Fiscal Year 2019-20 was for \$309,560.88. As of April 10, 2020, \$8,725.51, or 2.82%, of the Fiscal Year 2019-20 levy was delinquent and remained outstanding. In addition, \$1,747.04, or 1.63%, of the Fiscal Year 2018-19 levy was delinquent and remained outstanding as of April 10, 2020. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 8F—Delinquency History.”

The District will make certain covenants in the Indenture for the purpose of ensuring that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the District’s ability to collect sufficient Special Taxes to pay debt service on the Bonds and Administrative Expenses when due. First, the District will covenant that, to the extent it is legally permitted to do so, it will not reduce the maximum Special Tax rates and will oppose the reduction of maximum Special Tax rates by initiative where such reduction would reduce the maximum Special Taxes below current levels unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, among other things, on the basis of the parcels of land and improvements existing in Improvement Area No. 8F of the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the Rate and Method then in effect in Improvement Area No. 8F) in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least the sum of the estimated Administrative Expenses and 110% of gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds and Parity Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultant shall assume Administrative Expenses equal to the Administrative Expense Cap.

Second, the District will covenant not to permit the tender of Bonds or Parity Bonds in payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE.”

Although the Special Taxes constitute liens on taxed parcels within Improvement Area No. 8F, they do not constitute a personal indebtedness of the owners of property within Improvement Area No. 8F of the District. In addition to the obligation to pay Special Taxes, properties in Improvement Area No. 8F of the District are subject to other assessments and special taxes as set forth under Table 6 herein. These other special taxes and assessments are co-equal to the lien for the Special Taxes. Moreover, other liens for taxes and assessments could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners in Improvement Area No. 8F of the District. See “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments” herein. There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described in the section of this Official Statement entitled “SPECIAL RISK FACTORS.”

**Proceeds of Foreclosure Sales.** The proceeds of delinquent Special Taxes received following a judicial foreclosure sale of parcels within Improvement Area No. 8F of the District resulting from a landowner’s failure to pay the Special Taxes when due, up to the amount of the delinquent Special Tax lien, are included within the Special Tax revenues pledged to the payment of principal and interest on the Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Tax levied, the City Council, as the legislative body of the District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District will covenant for the benefit of the Owners of the Bonds and the landowners of Improvement Area No. 8F securing such Bonds that it will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies within Improvement Area No. 8F, if the District determines that any single property owner subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of \$2,500 or more or as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within Improvement Area No. 8F, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) the District will cause judicial foreclosure proceedings to be filed in the Superior Court within ninety (90) days of such determination against all properties for which the Special Taxes remain delinquent.

The District covenants that it will deposit any Gross Taxes received in connection with a foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY” herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Account) have been exhausted, debt service payments on the Bonds could be delayed until the foreclosure proceedings have ended with the receipt of any foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the City and the District. See “SPECIAL RISK FACTORS—Bankruptcy and Foreclosure” herein. Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See “SPECIAL RISK



FACTORS—Property Values” herein. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the City any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

**No Teeter Plan**

The District does not participate in the County’s Teeter Plan described above. Accordingly, the collection of Special Taxes is subject to delinquencies.

**Reserve Account of the Special Tax Fund**

In order to secure further the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in the Reserve Account an amount equal to the Reserve Requirement and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement.

In the Indenture, “Reserve Requirement” is defined to mean that amount as of any date of calculation equal to the lesser of (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any, (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; and (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any. Notwithstanding the foregoing, in no event shall the Reserve Requirement exceed the initial Reserve Requirement of \$\_\_\_\_\_.

Subject to the limits on the maximum annual Special Tax which may be levied within Improvement Area No. 8F of the District in accordance with the Rate and Method set forth in Appendix A, the District will covenant to levy Special Taxes in an amount that is anticipated to be sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Reserve Account at the Reserve Requirement. Amounts in the Reserve Account are to be applied to (i) pay debt service on the Bonds and any Parity Bonds, to the extent other moneys in the Interest Account and the Principal Account are insufficient therefor; (ii) make any required transfer to the Rebate Fund pursuant to the Indenture; (iii) redeem the Bonds and any Parity Bonds in whole or in part; and (iv) pay the principal and interest due in the final year of maturity of a series of the Bonds and any Parity Bonds. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—CREATION OF FUNDS AND APPLICATION OF REVENUES AND NET TAXES—Reserve Account of the Special Tax Fund” herein.

**Surplus Fund**

After the transfer of Administrative Expenses to the Administrative Expense Fund up to the Administrative Expenses Cap, the payment of principal of and interest on the Bonds when due, transfers to the Redemption Account to pay principal and premium, if any, on Bonds called for redemption, transfers to replenish the Reserve Account to the Reserve Requirement and any required transfers to the Rebate Fund, as soon as practicable after each September 1, and in any event prior to each September 15, the Trustee will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, other than amounts in the Special Tax Fund which (i) the District has included as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to the Indenture or (ii) amounts to be transferred to the Acquisition and Construction Fund because such amounts were included in the levy of Special Taxes for the previous Fiscal Year to pay for the acquisition or construction of the Project. Moneys deposited in the Surplus Fund may be applied to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor, to replenish the Reserve Account to the Reserve Requirement, to pay Administrative Expenses in excess of the Administrative Expenses Cap, to pay Project Costs, or for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or any Parity Bonds and may be used by the District for any lawful purpose.

**Issuance of Parity Bonds**

The District may at any time after the issuance and delivery of the Bonds issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds which may only be issued to effect a partial refunding may be issued if the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds in each Bond Year.

See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—DEFEASANCE AND PARITY BONDS—Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness.”

**THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 8F**

**General**

The City formed the District on August 11, 1993 and Improvement Area No. 8F therein on May 19, 2015. Improvement Area No. 8F is located in the northeastern portion of the City, bounded by Brookside Avenue to the north, Orchard Heights Avenue to the east, Alpine Avenue to the south and Lundy Lane to the west. Improvement Area No. 8F is comprised of approximately 75 net acres of land. SPECIAL TAXES LEVIED IN THE OTHER IMPROVEMENT AREAS OF THE DISTRICT ARE NOT PLEDGED OR AVAILABLE TO PAY DEBT SERVICE ON THE BONDS.

Improvement Area No. 8F is part of the Developer’s master planned community of Sundance. The Developer has reported to the City that Sundance is expected to consist of approximately 4,450 residential units on approximately 1,195 acres of land, with 13.5 acres of commercial/industrial land uses and the balance set aside for public/quasi/public uses. The Developer expects the market rate portions of the Sundance community will be completed by June 2021; however, there is an age-restricted development within Sundance that will not be completed until 2025.

**Status of Development in Improvement Area No. 8F**

The property within Improvement Area No. 8F contains 294 parcels, which, as of April 1, 2020, the date of value set forth in the Appraisal, consisted of 260 single-family detached residential units and 34 parcels of Undeveloped Property. As of April 1, 2020, individual homeowners owned 224 completed homes, while the Developer owned the remaining 13 completed homes, 20 homes under construction and 37 lots in finished condition. As of April 1, 2020, building permits had been issued for all of the parcels within Improvement Area No. 8F; accordingly, all lots will be classified as Developed Property, and Special Taxes will be levied against such properties, beginning in Fiscal Year 2020-21. As of May 15, 2020, an additional \_\_\_ completed homes had been conveyed to individual homeowners.

Annual Debt Service for the Bonds has been structured so that Assigned Special Taxes levied on all taxable parcels of Developed Property, assuming no delinquencies, will generate in each Fiscal Year not less than 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, plus estimated Administrative Expenses, assuming that Special Taxes are levied and collected on such Developed Property in Improvement Area No. 8F pursuant to the Rate and Method.

Table 1 below sets forth the Assigned Special Tax per unit of Developed Property, the projected Fiscal Year 2020-21 Special Tax levy and the percent of such levy based on land use class.

**TABLE 1  
CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 8F  
ASSIGNED SPECIAL TAXES**

<i>Land Use<sup>(1)</sup></i>	<i>Tax Class</i>	<i>Residential Floor Area</i>	<i>No. of Units</i>	<i>Assigned Special Tax Per Unit</i>	<i>Unit</i>	<i>Projected Fiscal Year 2020-21 Special Tax Per Parcel*</i>	<i>Total Projected Fiscal Year 2020-21 Special Tax Levy<sup>(2)*</sup></i>	<i>Percent of Total</i>
Residential	D1 <sup>(3)</sup>	Less than 2,700 sq.ft.	50	\$1,818	Dwelling Unit	\$1,697	\$84,849	13.68%
Residential	D1	Less than 2,700 sq.ft.	99	2,145	Dwelling Unit	2,003	198,291	31.98
Residential	D2	2,701 sq.ft. to 2,900 sq. ft.	23	2,242	Dwelling Unit	2,093	48,147	7.76
Residential	D3	2,901 sq. ft. to 3,100 sq. ft.	33	2,340	Dwelling Unit	2,185	72,100	11.63
Residential	D4	3,101 sq. ft. to 3,300 sq. ft.	20	2,437	Dwelling Unit	2,275	45,505	7.34
Residential	D5	3,301 sq. ft. to 3,500 sq. ft.	34	2,583	Dwelling Unit	2,412	82,006	13.22
Residential	D6	Greater than 3,500 sq. ft.	<u>35</u>	2,730	Dwelling Unit	2,549	<u>89,202</u>	<u>14.39</u>
<b>Total</b>			<b>294</b>				<b>\$620,100</b>	<b>100.00%</b>

\* Preliminary, subject to change.

(1) Reflects Developed Property unless otherwise noted as Final Map Property.

(2) Levied in an amount sufficient to cover debt service on the Bonds and pay Administrative Expenses of \$30,000.

(3) Reflects the 50 parcels within this tax class that were partially prepaid by the Developer. See "INTRODUCTION—The District."

Source: WEBB Municipal Finance, LLC.

### Description of Authorized Facilities

Certain facilities are authorized to be constructed and acquired (the "Facilities") by the District. These Facilities include, but are not limited to the following:

- Landscaping and related improvements within right-of-way along Starlight Drive, Cougar Avenue and Highland Springs Avenue
- Design and construction of Cherry Avenue and related street improvements
- Design and construction of Brookside Avenue
- Design and construction of Highland Springs Avenue and related street improvements
- Landscaping costs in and around Improvement Area No. 8F
- Widening of Pennsylvania Avenue
- Design, engineering and plans for Phase II of State Route 60/Portero Boulevard interchange

In addition, the Facilities include certain capital improvements of the City that were financed with development impact fees advanced by the Developer through the City's Development Impact Fee program, including, but not limited to, the City's planned construction of a new wastewater treatment plant. The estimated cost of the Facilities that may be financed, in part, with proceeds of the Bonds, based on the current estimated cost of the Facilities, is in excess of \$50,000,000. However, the actual cost of the Facilities will depend on various factors and such costs could be significantly higher. Notwithstanding the foregoing, any costs in excess of available Bond proceeds are expected to be paid from other sources.

**Appraisal Report**

The estimated assessed value of the property within Improvement Area No. 8F, as shown on the County’s assessment roll for Fiscal Year 2019-20, is approximately \$34,163,232. However, as a result of the requirements of Article XIII A of the California Constitution, a property’s assessed value is not necessarily indicative of its market value. In order to provide information with respect to the value of the property within Improvement Area No. 8F, the City engaged Integra Realty Resources, the Appraiser, to prepare the Appraisal Report. The Appraiser has an “MAI” designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land-secured municipal bonds. The Appraiser was selected by the City through a request for proposal process and has no material relationships with the City, the District, or the owners of the land within Improvement Area No. 8F other than the relationship represented by the engagement to prepare the Appraisal Report. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the California Debt and Investment Advisory Commission. A copy of the Appraisal Report is included as APPENDIX H—“APPRAISAL REPORT” to this Official Statement.

The purpose of the Appraisal Report was to estimate the aggregate market value of the “as is” condition of certain of the property within Improvement Area No. 8F subject to the Special Taxes that did not have an improved value on the Fiscal Year 2019-20 County Assessor’s roll. The remainder of the taxable property is valued in the Appraisal based on its assessed value. The estimate of market value takes into consideration and assumes the improvements to be funded with the proceeds of the Bonds have been installed and that the development costs provided to the Appraiser by the Developer include all of the costs necessary to bring the subject properties to a finished lot condition. Subject to the contingencies, assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of April 1, 2020 the value of the Taxable Parcels (based on market and assessed values) within Improvement Area No. 8F was \$100,774,760.

In estimating the market value, the Appraiser utilized a direct comparison approach and static residual analysis for all of the property owned by the merchant builders to derive a value indication for the finalized lots within each tract adjusted by any costs to complete such finished lots.

Reference is made to Appendix H for a complete list of the assumptions and limiting conditions and a full discussion of the appraisal methodology and the basis for the Appraiser’s opinions. In the event that any of the contingencies, assumptions and limiting conditions are not actually realized, the value of the property within Improvement Area No. 8F may be less than the amount reported in the Appraisal Report. In any case, there can be no assurance that any portion of the property within Improvement Area No. 8F would actually sell for the amount indicated by the Appraisal Report.

The Appraisal Report merely indicates the Appraiser’s opinion as to the market value of the property referred to therein as of the date and under the conditions specified therein. The Appraiser’s opinion reflects conditions prevailing in the applicable market as of the date of the Appraisal Report. The Appraiser’s opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not change adversely in the future. See, for example, “SPECIAL RISK FACTORS—COVID-19 (Coronavirus) Pandemic.”

It is a condition precedent to the issuance of the Bonds that the Appraiser deliver to the District a certification to the effect that, while the Appraiser has not updated the Appraisal Report since its date and has not undertaken any obligation to do so, nothing has come to the attention of the Appraiser subsequent to the date of the Appraisal Report that would cause the Appraiser to believe that the value of the property that it appraised in Improvement Area No. 8F is less than the value reported in the Appraisal Report. However, the Appraiser notes that acts and events may have occurred since the date of the Appraisal Report which could result in both positive and negative effects on market value within Improvement Area No. 8F.

**Value-to-Lien Ratios**

Table 2 below incorporates the values assigned to parcels in the Appraisal Report, the estimated principal amount of the Bonds allocable to each category of parcels and the estimated assessed/appraised value-to-lien ratios for various categories of parcels based upon land values as of April 1, 2020 as set forth in the Appraisal Report and based on information received from the Developer. Based on the principal amount of the Bonds, the estimated assessed/appraised Improvement Area No. 8F-wide value-to-lien ratio including all Taxable Property as of April 1, 2020 is 8.14-to-1\*. This ratio does not include other direct and overlapping debt within Improvement Area No. 8F of the District. See “—Direct and Overlapping Indebtedness” below. Taking that direct and overlapping debt into account, the ratio of the aggregate assessed/appraised value of the Taxable Property within Improvement Area No. 8F of the District to the total principal amount of all direct and overlapping bonded debt for Improvement Area No. 8F of the District is approximately 7.58-to-1\*.

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\* Preliminary, subject to change.

**TABLE 2  
CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 8F  
ASSESSED/APPAISED VALUE-TO-LIEN RATIOS  
ALLOCATED BY PROPERTY OWNER**

<i>Property Owner<sup>(1)</sup></i>	<i>Parcels</i>	<i>Projected Fiscal Year 2020-21 Special Tax Levy*</i>	<i>Projected Percent of Fiscal Year 2020-21 Levy</i>	<i>Projected Fiscal Year 2020-21 Assigned Special Tax<sup>(2)</sup></i>	<i>Projected Percent of Fiscal Year 2020-21 Total Assigned Special Tax</i>	<i>Assessed/ Appraised Value</i>	<i>Allocation of Bonds<sup>(3)*</sup></i>	<i>Aggregate Value-to-Lien Ratio<sup>(4)*</sup></i>
Developed - Pardee Homes	70	\$ 152,973	24.67%	\$ 163,849	24.67%	\$ 11,914,000	\$ 3,055,270	3.90:1
Developed - Individual Owned	<u>224</u>	<u>467,127</u>	<u>75.33%</u>	<u>500,337</u>	<u>75.33</u>	<u>88,860,760</u>	<u>9,329,730</u>	<u>9.52:1</u>
<b>Subtotal Developed</b>	<b>294</b>	<b>\$ 620,100</b>	<b>100.00%</b>	<b>\$ 664,186</b>	<b>100.00%</b>	<b>\$ 100,774,760</b>	<b>\$ 12,385,000</b>	<b>8.14:1</b>

\* Preliminary, subject to change.  
<sup>(1)</sup> Ownership status is based on information from Appraisal and from the Developer as of April 1, 2020. Development status is based upon permits issued as of April 1, 2020.  
<sup>(2)</sup> Based on par amount of the Bonds plus Administrative Expenses in the amount of \$30,000.  
<sup>(3)</sup> Based on projected Fiscal Year 2020-21 Special Tax levy.  
<sup>(4)</sup> Aggregate Value-to-Lien based upon the par amount of the Bonds. Excludes direct and overlapping debt shown in Table 4.  
 Source: WEBB Municipal Finance, LLC.

Table 3 below summarizes the assessed/appraised value-to-lien of the individual parcels within Improvement Area No. 8F by value-to-lien range based on total market value as of April 1, 2020.

**TABLE 3  
CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 8F  
ASSESSED/APPRaised VALUE-TO-LIEN STRATIFICATION\***

<i>Assessed/Appraised Value-to-Lien<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2020-21 Special Tax Levy<sup>(4)</sup></i>	<i>Projected Percent of Fiscal Year 2020-21 Levy</i>	<i>Projected Fiscal Year 2020-21 Assigned Special Tax</i>	<i>Projected Percent of Assigned Special Tax</i>	<i>Assessed/Appraised Value</i>	<i>Percent of Assessed/Appraised Value</i>	<i>Allocation of 2020 Bonds<sup>(5)</sup></i>	<i>Aggregate Value-to-Lien</i>
Less than 7.00:1 <sup>(2)</sup>	58	19.73%	\$ 125,997	20.32%	\$ 134,955	20.32%	\$ 6,880,443	6.83%	\$ 2,516,487	2.73:1
7.00:1 to 7.99:1	8	2.72	19,115	3.08	20,474	3.08	2,808,312	2.79	381,770	7.36:1
8.00:1 to 8.99:1	48	16.33	98,630	15.91	105,642	15.91	17,236,804	17.10	1,969,893	8.75:1
9.00:1 to 9.99:1	134	45.58	279,368	45.05	299,229	45.05	52,641,774	52.24	5,579,695	9.43:1
Greater than 9.99:1 <sup>(3)</sup>	<u>46</u>	<u>15.65</u>	<u>96,991</u>	<u>15.64</u>	<u>103,886</u>	<u>15.64</u>	<u>21,207,427</u>	<u>21.04</u>	<u>1,937,155</u>	<u>10.95:1</u>
<b>Total</b>	<b>294</b>	<b>100.00%</b>	<b>\$ 620,100</b>	<b>100.00%</b>	<b>\$ 664,186</b>	<b>100.00%</b>	<b>\$ 100,774,760</b>	<b>100.00%</b>	<b>\$ 12,385,000</b>	<b>8.14:1</b>

\* Preliminary, subject to change.

<sup>(1)</sup> Assessed/Appraised Value-to-Lien based upon par amount of the Bonds. Excludes direct and overlapping debt shown in Table 4.

<sup>(2)</sup> Minimum estimated Value-to-Lien is 2.02:1.\* Includes one completed home.

<sup>(3)</sup> Highest estimated Value-to-Lien is 13.08:1.\*

<sup>(4)</sup> Based on debt service requirement of the Bonds plus Administrative Expenses in the amount of \$30,000.

<sup>(5)</sup> Based on projected Fiscal Year 2020-21 Special Tax levy.

Source: WEBB Municipal Finance, LLC.

**Direct and Overlapping Debt**

Improvement Area No. 8F 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. 8F is shown in Table 4 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within Improvement Area No. 8F; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.



**TABLE 4  
CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 8F  
DIRECT AND OVERLAPPING DEBT**

**I. ASSESSED/APPRAISED VALUE**  
Assessed/Appraised Valuation<sup>(1)</sup> \$100,774,760

**II. LAND SECURED BOND INDEBTEDNESS**

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 I.A. 8F	CFD	294	\$12,385,000*	\$12,385,000 <sup>(2)</sup> *	100.00%	\$ 12,385,000*
<b>TOTAL OUTSTANDING LAND SECURED BONDED DEBT<sup>(3)</sup></b>						<b>\$ 12,385,000*</b>

<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued<sup>(4)</sup></i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 I.A. 8F	CFD	294	\$ 25,000,000	\$ N/A	100.00%	\$ _____ 0
<b>TOTAL UNISSUED LAND SECURED INDEBTEDNESS</b>						<b>\$ _____ 0</b>

**TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS** **\$ 12,385,000\***

**III. GENERAL OBLIGATION BOND INDEBTEDNESS**

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable<sup>(4)</sup></i>	<i>Amount Applicable</i>
Beaumont Unified School B & I (0.07432%)	GO	294	\$ 91,658,583	\$ 82,562,937	0.54%	\$ 446,538
MT San Jacinto Comm (0.01320%)	GO	294	190,000,000	164,385,000	0.04	60,248
San Gorgonio Memorial Healthcare District (0.08692%)	GO	294	108,000,000	106,565,000	0.38	399,784
San Gorgonio Pass Water Agency (0.18250%)	GO	294	0	0	0.35	_____ 0
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT<sup>(3)</sup></b>						<b>\$ 906,570</b>

<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<sup>(4)</sup></i>	<i>Amount Applicable</i>
Beaumont Unified School B & I (0.07432%)	GO	294	\$141,000,000	\$ 49,341,417	0.54%	\$ 266,861
MT San Jacinto Comm (0.01320%)	GO	294	295,000,000	105,000,000	0.04	38,483
San Gorgonio Memorial Healthcare District (0.08692%)	GO	294	108,000,000	0	0.38	0
San Gorgonio Pass Water Agency (0.18250%)	GO	294	0	0	0.35	_____ 0
<b>TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS<sup>(3)</sup></b>						<b>\$ 305,344</b>

**TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS** **\$ 1,211,914**

**TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT<sup>(5)</sup>** **\$ 13,291,570\***

**TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS** **\$ 13,596,914\***

**IV. Ratios to Appraised Valuation**

Outstanding Land Secured Bonded Debt	8.14:1*
Total Outstanding Bonded Debt	7.58:1*

\* Preliminary, subject to change.  
<sup>(1)</sup> Assessed/appraised value is per the Appraisal and as of April 1, 2020.  
<sup>(2)</sup> Amount outstanding is equal to the initial principal amount of the Bonds.  
<sup>(3)</sup> Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2019-20.  
<sup>(4)</sup> Additional bonds may be issued for refunding purposes only.  
<sup>(5)</sup> Percentage applicable determined by Fiscal Year 2018-19 Equalized Roll Assessed Value information.  
 Source: WEBB Municipal Finance, LLC.

Annual Debt Service for the Bonds has been structured so that Assigned Special Taxes levied on all taxable parcels of Developed Property, assuming no delinquencies, will generate in each Fiscal Year not less than 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, plus estimated Administrative Expenses, assuming that Special Taxes are levied and collected on such Developed Property in Improvement Area No. 8F pursuant to the Rate and Method.

Based on the principal amount of the Bonds, interest costs and estimated Administrative Expenses, and Fiscal Year 2019-20 tax rates for all other taxing jurisdictions within Improvement Area No. 8F, the total Fiscal Year 2019-20 average effective tax rate for Developed Property in Improvement Area No. 8F is approximately 2.00% of the Fiscal Year 2019-20 average assessed value for parcels with improvement value.

The following Table 5 sets forth the estimated total tax obligation of property in Improvement Area No. 8F based on the average home size and an average assessed value (as provided by the County) in Improvement Area No. 8F.

**TABLE 5  
CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 8F  
ESTIMATED AVERAGE FISCAL YEAR 2019-20 TAX OBLIGATION<sup>(1)</sup>**

Average Home Value <sup>(2)</sup>	\$ 363,720
<i>Ad Valorem Property Taxes:</i>	
Basic Levy (1.0000%)	\$ 3,637.20
Beaumont Unified School B & I (0.07432%)	270.53
San Gorgonio Memorial Healthcare District (0.06990%)	254.24
San Gorgonio Pass Water Agency (0.17750%)	645.60
Mt. San Jacinto Community College District (0.01320%)	<u>48.01</u>
<b>Total General Property Taxes</b>	<b>\$ 4,855.59</b>
<i>Assessment, Special Taxes &amp; Parcel Charges:</i>	
Flood Control Stormwater/Cleanwater	\$ 3.76
San Gorgonio Hospital Measure D	56.70
CFD 93-1 IA 8F Beaumont Service <sup>(3)</sup>	374.13
CFD 93-1 IA 8F Beaumont Facilities <sup>(4)</sup>	<u>1,997.07</u>
<b>Total Assessment Charges</b>	<b><u>\$ 2,431.66</u></b>
<b>Average Total Property Tax</b>	<b>\$ 7,287.25</b>
<b>Average Effective Tax Rate</b>	<b>2.00%</b>

<sup>(1)</sup> Average Fiscal Year 2020-21 tax rates based upon Fiscal Year 2019-20 overlapping taxes and assessment rates.  
<sup>(2)</sup> Average Home Value is based upon average assessed values for developed parcels with improvement value for Fiscal Year 2019-20 per Riverside County Equalized Roll data.  
<sup>(3)</sup> Reflects Improvement Area No. 8F Average Fiscal Year 2020-21 Special Tax levy for facilities for developed parcels with improvement assessed value.  
<sup>(4)</sup> Reflects Improvement Area No. 8F Fiscal Year 2020-21 projected Special Tax levy for developed parcels.  
 Source: WEBB Municipal Finance, LLC, based on assessed value information provided by the County.

**Delinquency History**

Fiscal Year 2017-18 was the first fiscal year in which Special Taxes were levied within Improvement Area No. 8F. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table 6 below summarizes the Special Tax delinquencies within Improvement Area No. 8F for the past three Fiscal Years and as of May 5, 2020.

**TABLE 6  
CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 8F  
SPECIAL TAX LEVIES, DELINQUENCIES, AND DELINQUENCY RATES  
FISCAL YEARS 2017-18 THROUGH 2019-20<sup>(1)</sup>**

<i>Fiscal Year<sup>(1)</sup></i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies Following Fiscal Year End</i>			<i>Delinquencies as of May 5, 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>
2017-18 <sup>(1)</sup>	\$ 85,639.00	50	1	\$1,712.78	2.00%	0	\$ 0.00	0.00%
2018-19	107,171.20	58	2	2,620.56	2.45	1	1,747.04	1.63
2019-20	309,560.88	141	N/A	N/A	N/A	5	8,725.51	2.82

<sup>(1)</sup> The Special Tax was first levied in Fiscal Year 2017-18.  
Source: WEBB Municipal Finance, LLC and Riverside County Tax Collector.

**Top Taxpayers**

As of April 1, 2020, individual homeowners owned 224 of the 294 parcels in Improvement Area No. 8F. Based on ownership status as of April 1, 2020 and development status as of April 1, 2020, individual homeowners are projected to be responsible for 75.33% of the Special Taxes to be levied in Fiscal Year 2020-21, with the Developer being responsible for the other 24.67%. The District is not aware of any individual, other than the Developer, who owns more than one parcel within Improvement Area No. 8F.

**PROPERTY OWNERSHIP AND THE DEVELOPMENT**

*The information regarding the development and ownership of the Property contained under this caption, “PROPERTY OWNERSHIP AND THE DEVELOPMENT,” has been provided by representatives of Pardee Homes, a California corporation (the “Developer”), and has not been independently confirmed or verified by the Underwriter, the City or the District. The Underwriter, the City and the District make no representation as to the accuracy or adequacy of the information contained under this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Bonds nor the Special Taxes securing the Bonds are personal obligations of the Developer or any affiliate thereof, or any other property owner and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner or any affiliate thereof. See “SPECIAL RISK FACTORS” herein.”*

The Developer is developing the property within Improvement Area No. 8F. Improvement Area No. 8F consists of approximately 85 gross acres and approximately 75 net acres. All of the property within Improvement Area No. 8F is located within Tract Map Nos. 37428 and 31469-6 and a portion is within Tract Nos. 31469-3 and 31469-1. The property within Improvement Area No. 8F is being developed into a residential development of 294 single family detached homes in six neighborhoods that have been marketed as part of the master planned community of “Sundance.” The Developer is an indirect, wholly-owned subsidiary of TRI Pointe Group, Inc., a Delaware corporation (“TRI Pointe Group”), a publicly traded company whose common stock is traded on the New York Stock Exchange under the ticker symbol “TPH.” TRI Pointe Group is engaged in the design, construction and sale of single-family homes through its portfolio of six quality brands across ten states, including Maracay Homes in Arizona, the Developer in California and Nevada, Quadrant Homes in Washington, Trendmaker Homes in Texas, TRI Pointe Homes in California, Colorado, South Carolina and North Carolina and Winchester Homes in Maryland and Virginia.

TRI Pointe Group is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission (the “SEC”). Such filings, particularly TRI Pointe Group’s Annual Report on Form 10-K for the fiscal year ended December 31,

2019, as filed with the SEC on February 19, 2020, its Quarterly Report on Form 10-Q for the quarter ending March 31, 2020 as filed with the SEC on April 23, 2020, set forth, among other things, certain data relative to the consolidated results of operations and financial position of TRI Pointe Group and its subsidiaries, including the Developer, as of such dates.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including TRI Pointe Group. The address of such Internet web site is [www.sec.gov](http://www.sec.gov). All documents subsequently filed by TRI Pointe Group pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of TRI Pointe Group’s Annual Report and each of its other quarterly and current reports, including any amendments, are available from TRI Pointe Group’s website at [www.tripointegroup.com](http://www.tripointegroup.com). The foregoing Internet addresses and references to filings with the SEC are included for reference only, and the information on these Internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement.

**General.** Of the 294 lots within Improvement Area No. 8F, as of April 1, 2020, the date of value set forth in the Appraisal, 224 had been completed and conveyed to individual homeowners, 13 had completed homes and were owned by the Developer, 20 had homes that were actively under construction and were owned by the Developer and 37 were owned by the Developer and were in finished lot condition. As of April 1, 2020, 45 units were under contract to be sold to individual homeowners. Building permits have been pulled for all of the parcels within Improvement Area No. 8F; accordingly, all lots will be classified as Developed Property, and Special Taxes will be levied against such properties, beginning in Fiscal Year 2020-21, the first year in which all parcels within Improvement Area No. 8F will be classified as Developed Property. As of May 15, 2020, an additional \_\_\_ homes had been conveyed to individual homeowners, with an additional \_\_\_ under contract to be sold to individual homeowners. Home sales and closings within Improvement Area No. 8F began in 2017. The Developer anticipates that the last units in Improvement Area No. 8F will be transferred to individual homeowners by June 30, 2021. All backbone and intract infrastructure relating to the development within Improvement Area No. 8F is complete.

The Developer’s total site improvement, home construction, marketing and other carrying and soft costs for the development within Improvement Area No. 8F are estimated to be approximately \$105,779,181. As of April 15, 2020, the Developer expects its remaining home construction costs and other development, marketing and sales costs within Improvement Area No. 8F to be approximately \$4,639,000.

Although the Developer expects to have sufficient funds available to complete its planned construction of homes in Improvement Area No. 8F, no assurance can be given that the sources of financing available to the Developer will be sufficient to complete the home construction as currently anticipated. While TRI Pointe Group has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither the Developer nor any affiliate thereof has any legal obligation of any kind to make any such funds available or to obtain loans. If and to the extent that internal financing and home sales revenues are inadequate to pay the costs to complete the Developer’s planned home construction within Improvement Area No. 8F and other financing by the Developer is not put into place, there could be a shortfall in the funds required to complete the proposed home construction by the Developer.

**COVID-19**

**Overview with Respect to TRI Pointe Group.** The World Health Organization (“WHO”) has declared the outbreak of COVID-19 to be a global pandemic and states of emergency have been declared in the United States, State of California and County of Riverside. As a result of the pandemic, the State of California has issued shelter-in-place orders or similar mandates for individuals not engaged in essential activities to remain at home other than for essential needs. Currently, in the County of Riverside, residential homebuilding is considered an essential business activity, which has allowed the Developer to continue operations in the City.

In response to the WHO declaration and governmental shelter-in-place orders, TRI Pointe Group has implemented new operating measures relating to its sales, construction and other operations, including protocols relating to social distancing, enhanced sanitation, monitoring of symptoms related to COVID-19 and other processes. Under these measures, which continue to evolve and may vary from jurisdiction to jurisdiction, it has encouraged employees at its corporate and division offices whose duties could be performed from home to work remotely until further notice; its new home galleries and design studios have transitioned to virtual appointments or appointment-only with pre-screened individuals, as permitted by law; it has instituted mandatory social distancing and hygiene/sanitation guidelines in accordance with recommended protocols throughout the organization (including in its new home sales galleries and design studios, and with respect to trade partners and employees on its jobsites); and it has postponed non-essential customer care service and warranty requests. TRI Pointe Group has continued to encourage the construction team members to report to their assigned communities in the jurisdictions where homebuilding has been deemed an essential activity or is otherwise permitted by applicable government authorities. It has also encouraged its employees to use virtual working and communication platforms in lieu of holding in-person meetings whenever possible.

The COVID-19 outbreak and the measures taken by governmental authorities to contain its spread have resulted in substantial adverse effects on the United States economy. The full impact of COVID-19 on the United States economy and TRI Pointe Group's business and operations remains unknown, as the velocity of the economic slowdown and the subsequent job losses are unique and historical in many ways. While TRI Pointe Group (including the Developer) expects that the homebuilding industry will be impacted by these events, given the dynamic nature of the situation, the duration and severity of such impact is difficult to predict. However, such impacts may include reduced consumer confidence, difficulties in obtaining financing for potential homebuyers, shortages of or increased costs associated with obtaining building materials, increased unemployment levels, declining wage growth and fluctuating interest rates. The uncertainty surrounding the containment of the virus, in the form of testing, vaccination and/or treatments, is a key unknown, and the ultimate strategy adopted to address the pandemic will substantially impact the form of any resulting economic recovery. Similarly, the extent of the impact of COVID-19 on TRI Pointe Group's liquidity and operational and financial performance will depend on, among other things, existing and future federal, state and local restrictions regarding virus containment, as these factors are highly correlated with consumer strength as it relates to employment and economic well-being.

While TRI Pointe Group continues to build and sell homes in almost all of its markets, net new orders and traffic in its sales offices have both slowed significantly due to the impact of COVID-19. With a near shutdown of large portions of the United States economy, TRI Pointe Group (including the Developer) expects home sales to continue to slow and both incentives and cancellations to increase, even while it maintains and enhances its sales, construction and closing operations. Further, the new protocols that TRI Pointe Group implemented in response to the WHO declaration and governmental shelter-in-place orders have affected, and continue to affect, TRI Pointe Group's business and operations in many regards, including by delaying home deliveries, requiring a substantial investment of time and resources by TRI Pointe Group's management and organization and causing other material disruptions to its normal operations.

***Impact on Development of Improvement Area No. 8F.*** The Developer's completion of development in Improvement Area No. 8F is subject to delays caused by the COVID-19 pandemic. [Although, as of May 1, 2020, the Developer had not experienced any material increases in costs, delays in home construction resulting from decisions to reduce financing for the project, work stoppages, reduced attendance of workers, lack of or delays in the delivery of building materials or the ability to obtain necessary inspections and approvals attributable to the COVID-19 pandemic.] [To date, the Developer has continued to receive funding to complete its home construction and sales activities in Improvement Area No. 8F as described in the Official Statement.]

[As of May 7, 2020, the Developer's sales offices and model home tours were by appointment only during the morning hours. Walk-in visitors were permitted during the afternoon hours. In each case, visiting groups were limited to one per model home.]

The Developer entered into [4] additional sales contracts for units in Improvement Area No. 8F between April 1 and May 15. To the Developer’s knowledge, 3 units under contract on April 1 within Improvement Area No. 8F fell out of escrow in April 2020.

For the reasons set forth above and in SPECIAL RISK FACTORS—COVID-19 (Coronavirus) Pandemic), the Developer cannot predict the ultimate effects of the COVID-19 outbreak or whether any such effects will have a material adverse effect on its ability to complete home construction and sales activities in Improvement Area No. 8F as currently planned. As the impacts caused by the outbreak evolve, there could be a material adverse impact on the timing and costs of such activities in Improvement Area No. 8F.

**SPECIAL RISK FACTORS**

The purchase of the Bonds involves significant risks and is not an appropriate investment for all investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. The Bonds have not been rated by a rating agency. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in Improvement Area No. 8F of the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in Improvement Area No. 8F of the District. See “—Property Values” and “—Limited Secondary Market.”

**Concentration of Ownership**

Based on ownership status and development status as of April 1, 2020, approximately 24.67% of the Special Taxes projected to be levied in Fiscal Year 2020-21 will be payable by the Developer. Failure of the Developer, entities affiliated with the Developer or any successor(s), to pay the annual Special Taxes when due could result in a draw on the Reserve Account of the Special Tax Fund, and ultimately a default in payments of the principal of, and interest on, the Bonds, when due. No assurance can be given that the Developer or any successors, will complete the remaining intended construction and development in Improvement Area No. 8F of the District. See “—Failure to Develop Properties.”

**Risks of Real Estate Secured Investments Generally**

The Bond owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, fires and floods), which may result in uninsured losses.

No assurance can be given that any future homeowners within Improvement Area No. 8F of the District will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See “—Bankruptcy and Foreclosure” below, for a discussion of certain limitations on the City’s ability to pursue judicial proceedings with respect to delinquent parcels.

**Tax Cuts and Jobs Act**

H.R. 1 of the 115th U.S. Congress, known as the “Tax Cuts and Jobs Act,” was enacted into law on December 22, 2017 (the “Tax Act”). The Tax Act makes significant changes to many aspects of the Code. For example, the Tax Act reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within Improvement Area No. 8F. 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 Improvement Area No. 8F or the ability or willingness of homeowners to pay Special Taxes or property taxes.

**Limited Obligations**

The Bonds and interest thereon are not payable from the general funds of the City. Except with respect to the Special Taxes, neither the faith and credit nor the taxing power of the District or the City is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Indenture, no owner of the Bonds may compel the exercise of any taxing power by the District or the City or force the forfeiture of any City or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or a legal or equitable pledge, charge, lien or encumbrance upon any of the City’s or the District’s property or upon any of the City’s or the District’s income, receipts or revenues, except the Net Taxes and other amounts pledged under the Indenture.

**Insufficiency of Special Taxes**

Under the Rate and Method, the annual amount of Special Tax to be levied on each taxable parcel in Improvement Area No. 8F will generally be based on the land use class to which a parcel of Developed Property is assigned. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” and “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Rate and Method of Apportionment of Special Tax.*”

In order to pay debt service on the Bonds, it is necessary that the Special Taxes be paid in a timely manner. Should the Special Taxes not be paid on time, the District will establish and fund upon the issuance of the Bonds a Reserve Account of the Special Tax Fund in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent other funds are not available. See “SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund.” The District will covenant to maintain in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement subject, however, to the limitation that the District may not levy the Special Tax in Improvement Area No. 8F of the District in any fiscal year at a rate in excess of the maximum amounts permitted under the Rate and Method and the Act. As a result, if a significant number of delinquencies occurs, the District could be unable to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement due to the limitations on the maximum Special Tax. If such defaults were to continue in successive years, the Reserve Account of the Special Tax Fund could be depleted and a default on the Bonds could occur. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Limitation on Special Tax Levy and Potential Impact on Coverage.”

The District will covenant in the Indenture that, under certain conditions, it will institute foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Proceeds of Foreclosure Sales*” for provisions which apply in the event of such foreclosure and which the District is required to follow in the event of delinquencies in the payment of the Special Tax.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds (if the Reserve Account of the Special Tax Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the District of the proceeds of sale. The District may adjust the future Special Tax levied on taxable parcels in Improvement Area No. 8F of the District, subject to the limitation on the maximum Special Tax, to provide an amount required to pay interest on, principal of, and redemption premiums, if any, on the Bonds, and the amount, if any, necessary to replenish the Reserve Account of the Special Tax Fund to an amount equal to the Reserve Requirement and to pay all current expenses. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against taxable parcels in Improvement Area No. 8F of the District will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the maximum Special Tax rates. See “—Bankruptcy and Foreclosure” for a discussion of potential delays in foreclosure actions.

The Rate and Method governing the levy of the Special Tax provides that no Special Tax shall be levied on property that is not located in Improvement Area No. 8F. No Special Tax shall be levied on Exempt Property. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” If for any reason property within Improvement Area No. 8F becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within Improvement Area No. 8F. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Rate and Method governing the levy of the Special Tax provides that, once a parcel is classified as Taxable Property, it will remain subject to a Special Tax levy even if it is subsequently acquired by a public agency. The Act provides that, if any property within Improvement Area No. 8F not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within Improvement Area No. 8F was to become owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

**Natural Disasters**

The District, like all California communities, may be subject to unpredictable seismic activity, fires, floods, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, and property within the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within the District is not located in an Alquist Priolo Earthquake Study Zone though it is located less than 10 miles from the San Andreas Fault. The District is not located in a flood plain area.

In recent years, wildfires have caused extensive damage throughout the State. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. Additionally, wildfires increase the risk of mudslides in areas like the District that are surrounded by hillsides. In general, property damage due to wildfire or mudslides could result in a significant decrease in the



market value of property in the District and in the ability or willingness of property owners to pay Special Taxes.

Western Riverside County, in which the District is located, has previously experienced large scale wildfires that resulted in the destruction of homes and businesses. According to the City’s Municipal Code, which incorporates portions of the County’s Ordinance 787 and the California Fire Code by reference, the District is not located in a Very High Fire Hazard Severity Zone. More information regarding Fire Hazard Severity Zones, including the most recent Fire Hazard Severity Zone Maps, can be found at the California Department of Forestry and Fire Protection website at <http://frap.fire.ca.gov/index>, though such website is not incorporated herein by reference. Homeowner’s insurance is available to property owners within the District, and the coverage provided by such insurance typically insures against fire damage, although there is no assurance that homeowners within the District will purchase or maintain such insurance.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

**Hazardous Substances**

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming the owner, will become obligated to remedy the condition just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling such substance. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency and the willingness or ability of the owner of any parcel to pay the Special Tax installments.

The value of the taxable property within Improvement Area No. 8F of the District, as set forth in the various tables in this Official Statement, does not reflect the presence of any hazardous substance or the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the property. The District has not independently verified, but is not aware, that any owner (or operator) of any of the parcels within Improvement Area No. 8F of the District has such a current liability with respect to any such parcel. However, it is possible that such liabilities do currently exist and that the District is not aware of them.

**Payment of the Special Tax is not a Personal Obligation of the Property Owners**

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel

is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Special Tax, the District has no recourse against the property owner.

**Property Values**

The value of the property within Improvement Area No. 8F of the District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the District’s only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See “THE COMMUNITY FACILITIES DISTRICT NAD IMPROVEMENT AREA NO. 8F—Value-to-Lien Ratios.”

The Appraiser has estimated, on the basis of certain definitions, assumptions and limiting conditions contained in the Appraisal Report that as of April 1, 2020, the value (assessed and appraised) of the Taxable Parcels within Improvement Area No. 8F of the District was \$110,774,760. The Appraisal Report is based on a number of assumptions and limiting conditions as stated in APPENDIX H—“APPRAISAL REPORT.” The Appraisal Report does not reflect any possible negative impact which could occur by reason of future slow or no growth voter initiatives, an economic downturn, any potential limitations on development occurring due to time delays, an inability of any landowner to obtain any needed development approval or permit, the presence of hazardous substances or other adverse soil conditions within Improvement Area No. 8F of the District, the listing of endangered species or the determination that habitat for endangered or threatened species exists within Improvement Area No. 8F, or other similar situations.

Prospective purchasers of the Bonds should not assume that the land and improvements within Improvement Area No. 8F of the District could be sold for the amount stated in the Appraisal Report at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of market value of the appraised parcels in the Appraisal, the Appraiser assumes that any sale will be sold in a competitive market after a reasonable exposure time, and assuming that neither the buyer or seller is under duress, which is not always present in a foreclosure sale. See APPENDIX H—“APPRAISAL REPORT AND SUPPLEMENT” for a description of other assumptions made by the Appraiser and for the definitions and limiting conditions used by the Appraiser. Any event which causes one of the Appraiser’s assumptions to be untrue could result in a reduction of the value of the land within Improvement Area No. 8F of the District from that estimated by the Appraiser.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, adjusted annually by an amount determined by the County Assessor, generally not to exceed an increase of more than 2% per fiscal year. No assurance can be given that a parcel could actually be sold for its assessed value.

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY—Covenants—Commence Foreclosure Proceedings.”

**Parity Taxes and Special Assessments**

Property within Improvement Area No. 8F of the District is subject to taxes and assessments imposed by other public agencies also having jurisdiction over the land within Improvement Area No. 8F of the District. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 8F—Direct and Overlapping Indebtedness.”

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See “—Bankruptcy and Foreclosure.”

**Neither the District nor the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within Improvement Area No. 8F. In addition, the landowners within Improvement Area No. 8F of the District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes and *ad valorem* taxes or assessments. Any such special taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for the property within Improvement Area No. 8F described herein. See “SOURCES OF PAYMENT FOR THE BONDS” and “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 8F —Direct and Overlapping Indebtedness” and “—Value-to-Lien Ratios.”**

**Disclosures to Future Purchasers**

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value is sufficient may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The City has caused a notice of the Special Tax to be recorded in the Office of the Recorder for the County of Riverside against each parcel. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within Improvement Area No. 8F of the District or lending of money thereon.

The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a special tax under the Act of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

**Special Tax Delinquencies**

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the properties within Improvement Area No. 8F of the District on the regular *ad valorem* property tax bills sent to owners of such properties by the County of Riverside Tax Collector. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY—Covenants—Commence Foreclosure Proceedings” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See “—Bankruptcy and Foreclosure” for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and

assessment and limitations on the District’s ability to foreclosure on the lien of the Special Taxes in certain circumstances.

The District does not participate in the County’s Teeter Plan. Accordingly, the collection of Special Taxes is subject to delinquencies. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 8F—Delinquency History” for a discussion on delinquent Special Taxes in the District.

**COVID-19 (Coronavirus) Pandemic.** In response to the coronavirus pandemic, counties across the State (including the County) have stated that they will waive penalties for failure to timely pay property taxes on or before April 10, 2020. The District can provide no assurance that additional actions will not be taken by the County, the State, or individual property taxpayers that may have a material adverse impact on the timing of Special Tax collection and the District’s ability to pay scheduled debt service on the Bonds when due. See “—COVID-19 (Coronavirus) Pandemic.”

**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 Improvement Area No. 8F of the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association (“FNMA”) is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within Improvement Area No. 8F of the District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

**FDIC.** In the event that any financial institution making any loan which is secured by real property within Improvement Area No. 8F of the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. The FDIC’s policy statement regarding the payment of state and local real property taxes (the “Policy Statement”) provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune

from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from special taxes under the Act.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within Improvement Area No. 8F of the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Account and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

### **Bankruptcy and Foreclosure**

Bankruptcy, insolvency and other laws generally affecting creditors' rights could adversely impact the interests of owners of the Bonds in at least two ways. First, the payment of property owners' taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Proceeds of Foreclosure Sales.*" In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

Second, the Bankruptcy Code might prevent moneys on deposit in the Acquisition and Construction Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner or other party and if the court found that the landowner or other party had an interest in such moneys within the meaning of Section 541(a)(1) of the Bankruptcy Code.

Although a bankruptcy proceeding would not cause the Special Taxes to become extinguished, the amount of any Special Tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in prosecuting Superior Court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of delinquent Special Tax installments and the possibility of delinquent Special Tax installments not being paid in full.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be “administrative expenses” of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes.

The Bankruptcy Reform Act of 1994 (the “Bankruptcy Reform Act”) included a provision which excepts from the Bankruptcy Code’s automatic stay provisions, “the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state if such tax comes due after the filing of the petition [by a debtor in bankruptcy court].” This amendment effectively makes the *Glasply* holding inoperative as it relates to *ad valorem* real property taxes. However, it is possible that the original rationale of the *Glasply* ruling could still result in the treatment of post-petition special taxes as “administrative expenses,” rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings.

According to the court’s ruling, as administrative expenses, post-petition taxes would be paid, assuming that the debtor had sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise), it would at that time become subject to current *ad valorem* taxes.

The Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as *ad valorem* taxes. No case law exists with respect to how a bankruptcy court would treat the lien for Special Taxes levied after the filing of a petition in bankruptcy court. *Glasply* is controlling precedent on bankruptcy courts in the State. If the *Glasply* precedent was applied to the levy of the Special Taxes, the amount of Special Taxes received from parcels whose owners declare bankruptcy could be reduced.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

### **No Acceleration Provision**

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. Pursuant to the Indenture, an owner is given the right for the equal benefit and protection of all owners of the Bonds similarly situated to pursue certain remedies described in APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—EVENTS OF DEFAULT; REMEDIES” and “—Limitations on Remedies.”

### **Loss of Tax Exemption**

As discussed under the caption “TAX MATTERS” herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Indenture with respect to compliance with certain provisions of the Internal Revenue Code of 1986. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

**Limited Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the District has committed to provide certain statutorily required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. See “CONTINUING DISCLOSURE.” Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

**Proposition 218**

An initiative measure commonly referred to as the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article 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 as they may relate to community facilities district are subject to interpretation by the courts. The Initiative could potentially impact the Special Taxes available to the District to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIIC states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

“Section 3 of Article 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 Bonds.

It may be possible, however, for voters or the City Council, acting as the legislative body of the District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to do so, the District will covenant that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates on parcels within Improvement Area No. 8F of the District. In connection with the foregoing covenant, the City Council has made a legislative finding and

determination that any elimination or reduction of Special Taxes below the foregoing level would interfere with the timely retirement of the Bonds. The District will also covenant that, in the event an initiative is adopted which purports to alter the Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

The California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997) (the “San Diego Decision”). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego (“San Diego”). The CCFD is a financing district much like a community facilities district established under the provisions of the Act. The CCFD is comprised of all of the real property in San Diego. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

The election authorizing the special tax was limited to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located. Thus, the election was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was modeled after Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because Article XIII A, Section 4 thereof and Article XIII C, Section 2 thereof require that the electors in such an election be the registered voters within the district.

The facts of the San Diego Decision show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The elections held in Improvement Area No. 8F of the District had less than 12 registered voters at the time of the election to authorize the Special Tax. In the San Diego Decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court’s holding does not apply to the Special Tax election in Improvement Area No. 8F of the District. Moreover, Section 53341 of the Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds.

The interpretation and application of Article XIII C and Article XIII D will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See “SPECIAL RISK FACTORS—Limitations on Remedies.”

**No Ratings – Limited Secondary Market**

The District has not applied to have the Bonds rated by any nationally recognized bond rating company, and it does not expect to do so in the future. See “—Limited Secondary Market.”

**Ballot Initiatives**

Articles XIII A, XIII B, XIII C and XIII D were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. On March 6, 1995, in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be



adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, or local districts to increase revenues or to increase appropriations within Improvement Area No. 8F of the District.

**Potential Early Redemption of Bonds from Prepayments or Other Sources**

Property owners within Improvement Area No. 8F of the District, including the Developer, and any individual property owner, are permitted to prepay their Special Taxes at any time. Such Prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such Prepayments will result in an extraordinary redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the Prepayment. The resulting extraordinary redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See the caption “THE BONDS—Redemption—Extraordinary Redemption from Special Tax Prepayments.”

**Cybersecurity**

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City’s digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, the City has not experienced an attack on its computer operating systems which resulted in a breach of its cybersecurity systems that are in place. However, no assurances can be given that the City’s efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City.

**COVID-19 (Coronavirus) Pandemic**

The spread of the novel strain of coronavirus that causes the disease known as COVID-19 (referred to herein as “COVID-19”) is having significant negative impacts throughout the world, including in 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 City, 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. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools. The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to COVID-19 concerns.

The City initially closed certain non-essential functions of the City, though the building and permitting departments of the City were never closed and continued to issue building permits and perform inspections for lots within the City upon request. The City has recently eased its restrictions and the majority of the City’s departments are operating, with employees working remotely. Other public agencies serving the property and residents within Improvement Area No. 8F may have taken similar actions in response to the COVID-19 pandemic, though the District and the City can provide no assurance regarding the actions of any other public agencies. Such actions may affect the Developer’s ability to complete its planned development in the time period and within the cost estimates described in the Official Statement. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

Moreover, six Northern California counties announced on March 31, 2020 that most construction, including residential construction which is not affordable housing, will be temporarily halted to combat the spread of COVID-19. In the event Southern California counties, including the County, impose similar temporary residential construction restrictions, such restrictions could have a material adverse effect on the ability of the Developer to complete its Sundance project within the timeframe and budget described in this Official Statement. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT — Development Plan.”

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other of 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, Improvement Area No. 8F of the District and the Developer’s operations and finances, timing of construction, homebuyers’ willingness and ability to pay Special Taxes when due, and the real estate market (including the market value of the taxable properties within the District) in general is unknown.

[TO BE UPDATED]

**Limitations on Remedies**

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor’s rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. The Bonds are not subject to acceleration. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners.

**CONTINUING DISCLOSURE**

**The District**

Pursuant to a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), the District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) website, or other repository authorized under Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the “Rule”), certain annual financial information and operating data concerning the District. The District Reports are to be filed not later than February 10 of each year, beginning February 10, 2021. The District Reports will include the audited financial statements of the District, if any are prepared. The District does not currently prepare audited financial statements and does not anticipate doing so in the future. The full text of the Continuing Disclosure Certificate is set forth in APPENDIX E—“FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE.”

Notwithstanding any provision of the Indenture, failure of the District to comply with the Continuing Disclosure Certificate shall not be an event of default under the Indenture. However, any Owner or Beneficial Owner of the Bonds may take such action as is necessary and appropriate, including seeking mandate or a judgment for specific performance, to cause the District to comply with its obligations with respect to the Continuing Disclosure Certificate.

In connection with the SEC Order, the BFA conducted a review of noncompliance with all existing continuing disclosure undertakings of the 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 assessed valuation date, special tax delinquency data and reserve fund balances, cash flow management fund balances, rate stabilization fund balances, improvement fund balances, residual fund balances, special escrow fund balances, the aggregate number of building permits issued, statements of the reserve requirement, cash flow management fund requirement and rate stabilization fund requirement, and to link certain annual reports to all relevant CUSIPs. See Appendix G – “SECURITIES AND EXCHANGE COMMISSION ORDER.”.

The BFA has caused the District to make corrective filings for Fiscal Years 2013-14 through 2017-18 with EMMA, including the filing of audited and unaudited financial statements for Fiscal Years 2013-14 through 2017-18, supplements to certain prior continuing disclosure annual reports and notices of the failure to file certain continuing disclosure annual reports and audited financial statements.

The City will assist the District in preparing the District Reports. In order to ensure ongoing compliance by the District with its continuing disclosure undertaking, (i) City staff will take steps to ensure that the filing due date is correctly documented in policies and procedures and a single City staff member has been assigned primary responsibility to monitor compliance; and (ii) the City has contracted with a consultant to assist in filing accurate, complete and timely disclosure reports on behalf of the District.

**Developer**

The Developer will also covenant in a Continuing Disclosure Certificate, the form of which is set forth in Appendix E-2, for the benefit of the Owners, to provide semi-annual reports containing updates of certain development information within Improvement Area No. 8F and notices of certain significant events. The specific nature of the information to be contained in the semi-annual reports or notices of significant events and certain other terms of the continuing disclosure obligations of Pardee is contained in Appendix E-2 — “FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE.”

The Developer represents that, to its actual knowledge, the Developer has not failed in any material respect to comply with any previous undertaking by it to provide periodic continuing disclosure reports or notices of material events with respect to community facilities districts or assessment districts in California within the past five years.

**STATE AND FEDERAL INVESTIGATIONS AND CRIMINAL CHARGES INVOLVING FORMER CITY OFFICIALS**

On April 22, 2015, the Federal Bureau of Investigation and the Riverside County District Attorney’s Office served search warrants on Beaumont City Hall and two other locations. The search warrants and the subsequent investigation resulted in charges for corruption and embezzlement being brought against seven (7) former City officials: former City Manager Alan Kapanicas, former Economic Development Director David Dillon, former City Planner Ernest Egger, former Finance Director William Aylward, former Police Chief Francis Dennis Coe Jr., former Public Works Director Deepak Moorjani and former City Attorney Joseph Sandy Aklufi. All seven (7) of these former City officials have pled guilty to date with several of them having agreed to pay restitution in connection with their plea arrangements. All of the former officials either resigned or were terminated by 2015.

In addition to the SEC Order described under the caption “INTRODUCTION- SEC Order” and attached as Appendix G, in August 2017, the SEC entered into settlements with former City Manager Alan Kapanicas, the BFA’s former underwriter, O’Connor & Company Securities, Inc., and former investment banker Anthony Wetherbee in connection with the BFA’s failure to meet its annual continuing disclosure

obligations from 2003 to 2013. In consenting to the SEC settlement without admitting or denying the findings, Mr. Kapanicas agreed to be barred from participating in any future municipal offerings and pay a penalty of \$37,500. Additionally, in consenting to the SEC settlement without admitting or denying the findings, O'Connor & Company Securities, Inc., agreed to comply with a number of undertakings and pay a \$150,000 penalty, and Mr. Wetherbee agreed to serve a suspension from the securities industry for six (6) months and pay a \$15,000 penalty.

On May 11, 2017, the Riverside County District Attorney on behalf of the Criminal Grand Jury of the County of Riverside filed an indictment against former Beaumont City Councilmember Mark Orozco accusing him of ten (10) felony counts, including attempting to solicit a bribe from the Developer. On September 28, 2017, Mr. Orozco pleaded guilty to one (1) felony count of bribery and one (1) felony count of perjury. Mr. Orozco resigned from the City Council on October 24, 2017, and agreed not to seek another public office.

### **STATE CONTROLLER INVESTIGATION**

In May 2015, the State Controller began an investigation into the City's internal accounting controls. In November 2015, the State Controller published its report that included a determination that 75 of the 79 internal control elements evaluated were found to be inadequate. In response, the City immediately took action to address the concerns of the State Controller, and the City has revised its internal control practices to align with the State Controller's recommendations. As a result of the issuance of the audit for Fiscal Year 2016-17, the City believes it is now in compliance with all 79 internal control elements.

### **TAX MATTERS**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District, the City and others and is subject to the condition that the District, the City and others making such representations comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District and the City will covenant to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of other similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District and the City continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Should interest on the Bonds (including any original issue discount) become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix B.

**LEGAL MATTERS**

The legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, approving the validity of the Bonds in substantially the form set forth as Appendix B hereto, will be made available to purchasers at the time of original delivery. Certain legal matters will be passed upon for the District and the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel and for the Underwriter by Kutak Rock LLP, Irvine, California, as counsel to the Underwriter. Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to do so.

**ABSENCE OF LITIGATION**

No litigation is pending or threatened concerning the validity of the Bonds and a certificate of the District to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. Neither the City nor the District is aware of any litigation pending or threatened which questions the existence of the District or the City or contests the authority of the District to levy and collect the Special Taxes or to issue and retire the Bonds.

**NO RATING**

The District has not made and does not contemplate making application to any rating agency for the assignment of a rating to the Bonds.

**UNDERWRITING**

The Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Bonds at a price of \$\_\_\_\_\_ (being the \$\_\_\_\_\_ aggregate principal amount thereof, [plus] [net] original issue [premium] of \$\_\_\_\_\_ and less Underwriter's discount of \$\_\_\_\_\_). The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering price stated on the cover page thereof. The offering price may be changed from time to time by the Underwriter.

**FINANCIAL INTERESTS**

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel, Municipal Advisor to the City, the Special Tax Consultant, the Trustee and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds. The fees being paid to the Appraiser are not contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

**PENDING LEGISLATION**

The District is not aware of any significant pending legislation which would have material adverse consequences on the Bonds or the ability of the District to pay the principal of and interest on the Bonds when due.

**ADDITIONAL INFORMATION**

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The execution and delivery of this Official Statement by the City Manager of the City has been duly authorized by the City Council acting in its capacity as the legislative body of the District.

CITY OF BEAUMONT COMMUNITY FACILITIES  
DISTRICT NO. 93-1

By: \_\_\_\_\_  
City Manager

APPENDIX A  
RATE AND METHOD OF APPORTIONMENT  
CITY OF BEAUMONT  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
IMPROVEMENT AREA NO. 8F

A Special Tax as hereinafter defined shall be levied on and collected in Improvement Area No. 8F (“IA No. 8F”) 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. 8F 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. 8F 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. 8F, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 8F.

“**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 the June 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied, and (ii) were created on or before the January 1<sup>st</sup> 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.

**“Facilities and Fee Credit Agreement”** means that certain Facilities and Fee Credit Agreement by and among the City, CFD No. 93-1, and Pardee Homes relating to IA No. 8F.

**“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 1<sup>st</sup> 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 1<sup>st</sup> 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. 8F” or “IA No. 8F”** means Improvement Area No. 8F as depicted on the boundary map of CFD No. 93-1.

**“Initial Fiscal Year”** means the first Fiscal Year in which an Assessor Parcel is classified as Developed Property and is apportioned and levied a Special Tax as Developed Property.

**“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. 8F 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. 8F and the City of Beaumont, and IA No. 8F’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. 8F to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the amount for reasonably anticipated Special Tax for Facilities delinquencies based on the delinquency rate for the Special Tax levy in the previous Fiscal Year, and (vi) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 8F, 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.

“**Special Tax Requirement for Services**” means the amount determined in any Fiscal Year for IA No. 8F 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 Tax for Services based on the delinquency rate in IA No. 8F 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.

**SECTION B  
CLASSIFICATION OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2014-2015, each Assessor’s Parcel within IA No. 8F 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 and in effect as of the

date the Resolution of Formation to establish IA No. 8F is 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 the Goals and Policies or if requested in writing by the property owner in accordance with the Facilities and Fee Credit Agreement, 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, or such property owner’s written request pursuant to the Facilities and Fee Credit Agreement, 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 2014-2015 shall be \$329 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 2014-2015 shall be \$1,070 per Acre. On each July 1, commencing July 1, 2015, 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 2014-2015 shall be \$1,070 per Acre. On each July 1, commencing July 1, 2015, 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 for any Fiscal Year shall be determined pursuant to Table 1 below.

**TABLE 1**

**ASSIGNED SPECIAL TAX RATES FOR FACILITIES FOR DEVELOPED PROPERTY**

<i>Land Use Type</i>	<i>Building Square Footage</i>	<i>Assigned Special Tax for Facilities 2014-2015</i>
Residential Property	Less than 2,700	\$1,905 per dwelling unit
Residential Property	2,701-2,900	\$1,991 per dwelling unit
Residential Property	2,901-3,100	\$2,078 per dwelling unit
Residential Property	3,101-3,300	\$2,164 per dwelling unit
Residential Property	3,301-3,500	\$2,294 per dwelling unit
Residential Property	Greater than 3,500	\$2,424 per dwelling unit
Non-Residential	N/A	\$8,911 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 2014-2015 shall be \$8,911 per acre.

**3. Increase in the Assigned Special Tax for Facilities**

On each July 1, commencing on July 1, 2015, 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 Map which are classified or to be classified as Residential Property.

Each July 1, commencing on July 1, 2015, 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 2014-2015 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 8F 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 3 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 2014-2015 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 8F 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 \$7,834,000 expressed in 2015 dollars, which shall increase by the Construction Inflation Index on January 1, 2016, 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
<u>less</u>	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor’s Parcels of Developed Property, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor’s Parcel. For Assessor’s Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities 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 14 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:

$$PP = ((P_o - A) \times F) + A$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount.
- P<sub>o</sub> = 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.

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. The Maximum Special Tax for Facilities shall be levied for a period not to exceed thirty-five (35) years on an Assessor’s Parcel classified as Developed Property, beginning the Initial Fiscal Year, but in no event shall the Maximum Special Tax for Facilities be levied after Fiscal Year 2055-2056. 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 49.66 Acres. 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 49.66 Acres. Assessor’s Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to Less than 49.66 Acres 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. 8F 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 Fax 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.

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Bond Counsel will deliver an opinion for the Bonds substantially in the form set forth below:

\_\_\_\_\_, 2020

City of Beaumont  
Community Facilities District No. 93-1  
Beaumont, California

Re: \$\_\_\_\_\_ City of Beaumont Community Facilities District No. 93-1  
(Improvement Area No. 8F) 2020 Special Tax Bonds

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the City of Beaumont (the "City") taken in connection with the authorization and issuance by the City of Beaumont Community Facilities District No. 93-1 (the "District") of its (Improvement Area No. 8F) 2020 Special Tax Bonds in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), a resolution adopted by the City Council of the City, acting in its capacity as the legislative body of the District (the "Board"), on \_\_\_\_\_, 2020, and the Bond Indenture dated as of June 1, 2020 (the "Indenture"), by and between the District and Wilmington Trust, National Association, as trustee. All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

The Bonds are dated their date of delivery and mature on the dates and in the amounts set forth in the Indenture. The Bonds bear interest payable semiannually on each March 1 and September 1, commencing on September 1, 2020, at the rates per annum set forth in the Indenture. The Bonds are registered bonds in the form set forth in the Indenture, redeemable in the amounts, at the times and in the manner provided for in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture. The Bonds are limited obligations of the District but are not a debt of the City, the County of Riverside, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Special Taxes, neither the faith and credit nor the taxing power of the City, the County of Riverside, the State of California, or any of its political subdivisions is pledged for the payment thereof.

(2) The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms; provided,

however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses and we express no opinion as to any provisions with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

(4) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

(5) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues for the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and is exempt from State of California personal income tax.

(6) The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinion expressed in paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (3), (4), (5) and (6) above, we express no opinion as to any tax consequences related to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations of the District under the Indenture and the Bonds are subject to and may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Certain requirements and procedures contained or referred to in the Indenture and Tax Certificate may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in the Indenture and Tax Certificate relating to the Bonds, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

Respectfully submitted,

**APPENDIX C**

**DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF RIVERSIDE  
AND THE CITY OF BEAUMONT**

*The Bonds are not obligations of the City of Beaumont (the “City”) or the County of Riverside (the “County”) and do not represent a lien or charge against any funds or property of the City or the County. The following information is provided only to give prospective investors an overview of the general economic condition of the City, the County and the State of California (the “State”).*

**General**

The City was incorporated in 1912 under the General Laws of the State. The City is located approximately 78 miles east of Los Angeles and encompasses an area of 30.9 square miles. The City currently has an estimated population of approximately 48,401 persons.

**Population**

The following table offers population figures for the City, the County and the State as of January 1 for the years 2016 through 2020.

<i>Area</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
City of Beaumont	44,746	45,167	46,545	49,630	51,475
County of Riverside	2,350,992	2,384,660	2,412,536	2,422,146	2,442,304
State of California	39,214,803	39,504,609	39,740,508	39,695,376	39,782,870

Source: California State Department of Finance, Demographic Research Unit. March 2010 Benchmark.

**Building Activity**

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the City and County from 2014 through 2018.

**BUILDING PERMIT VALUATIONS  
City of Beaumont  
2014-2018**

	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Valuation (\$000):					
Residential	\$73,329	\$78,326	\$85,627	\$121,802	\$183,245
Non-residential	<u>5,375</u>	<u>6,911</u>	<u>33,002</u>	<u>10,219</u>	<u>271,487</u>
Total*	<u>\$79,204</u>	<u>\$85,237</u>	<u>\$118,629</u>	<u>\$132,021</u>	<u>\$454,732</u>
Residential Units:					
Single family	435	452	443	715	656
Multiple family	<u>0</u>	<u>0</u>	<u>38</u>	<u>2</u>	<u>112</u>
Total	435	452	481	717	768

\* May not foot due to rounding.

Source: Construction Industry Research Board.

**BUILDING PERMIT VALUATIONS**  
**County of Riverside**  
**2014-2018**

	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Valuation (\$000):					
Residential	\$1,621,751	\$1,536,742	\$1,759,535	\$1,903,417	\$2,558,081
Non-residential	<u>814,990</u>	<u>911,465</u>	<u>1,346,019</u>	<u>1,433,691</u>	<u>1,959,680</u>
Total*	<u>\$2,436,741</u>	<u>\$2,448,207</u>	<u>\$3,105,554</u>	<u>\$3,337,108</u>	<u>\$4,517,761</u>
Residential Units:					
Single family	5,007	5,007	5,662	6,265	7,540
Multiple family	<u>1,931</u>	<u>1,189</u>	<u>1,039</u>	<u>1,070</u>	<u>1,628</u>
Total	6,938	6,196	6,701	7,335	9,168

\* May not foot due to rounding.

Source: Construction Industry Research Board.

**Employment**

The following tables show the largest employers located in the County as of fiscal year 2019.

**LARGEST EMPLOYERS**  
**County of Riverside**  
**2019**

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	21,215	County Government
2.	March Air Reserve Base	9,000	Military Reserve Base
3.	University of California-Riverside	8,735	University
4.	Kaiser Permanente Riverside Medical Center	5,592	Medical Center
5.	Corona-Norco Unified School District	4,989	School District
6.	Pechanga Resort and Casino	4,683	Casino & Resort
7.	Riverside Unified School District	4,335	School District
8.	Hemet Unified School District	4,302	School District
9.	Eisenhower Medical Center	3,743	Medical Center
10.	Moreno Valley Unified School District	3,684	Casino & Resort

Source: County of Riverside Comprehensive Annual Financial Report for the year ending June 30, 2019.



**Employment and Industry**

Employment data by industry is not separately reported on an annual basis for the City but is compiled for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the “MSA”), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the MSA has large and growing commercial and service sector employment, as reflected in the table below.

The following table represents the Annual Average Labor Force and Industry Employment for the County for the period from 2015 through 2019.

**RIVERSIDE-SAN BERNARDINO-ONTARIO MSA  
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE**

	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Civilian Labor Force	1,952,500	1,981,500	2,015,300	2,047,500	2,071,800
Civilian Employment	1,824,100	1,863,600	1,912,500	1,959,400	1,988,600
Civilian Unemployment	128,400	118,000	102,800	88,100	83,200
Civilian Unemployment Rate	6.6%	6.0%	5.1%	4.3%	4.0%
Total Farm	14,800	14,600	14,500	14,500	15,100
Total Nonfarm	1,354,400	1,403,300	1,454,900	1,506,700	1,541,800
Total Private	1,121,100	1,161,000	1,203,900	1,249,500	1,281,300
Goods Producing	183,100	191,600	197,600	207,500	208,300
Mining and Logging	1,300	900	1,000	1,200	1,200
Construction	85,700	92,000	97,400	105,200	105,900
Manufacturing	96,200	98,700	99,200	101,100	101,200
Service Providing	1,171,200	1,211,700	1,257,300	1,299,300	1,333,500
Trade, Transportation and Utilities	333,100	347,900	365,500	379,600	390,700
Wholesale Trade	60,500	61,600	62,600	65,500	66,700
Retail Trade	174,400	178,300	180,900	181,200	181,300
Transportation, Warehousing and Utilities	98,100	108,000	122,100	132,900	142,800
Information	11,700	11,800	11,600	11,400	11,500
Financial Activities	43,700	44,300	43,900	43,800	44,200
Professional and Business Services	147,400	144,900	146,900	151,400	155,500
Educational and Health Services	206,300	215,700	226,700	239,500	250,100
Leisure and Hospitality	151,700	160,200	166,300	170,600	175,200
Other Services	44,000	44,600	45,400	45,800	45,800
Government	<u>233,300</u>	<u>242,300</u>	<u>251,000</u>	<u>257,200</u>	<u>260,500</u>
Total, All Industries	<u>1,369,100</u>	<u>1,417,900</u>	<u>1,469,400</u>	<u>1,521,200</u>	<u>1,556,900</u>

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The “Total, All Industries” data is not directly comparable to the employment data found in this Appendix C.

Source: State of California, Employment Development Department, March 2019 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for the period from 2015 through 2019 for the City, the County, the State and the nation as a whole.

**CITY OF BEAUMONT,  
COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA AND UNITED STATES  
Average Annual Civilian Labor Force, Employment and Unemployment**

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment<sup>(1)</sup></i>	<i>Unemployment<sup>(2)</sup></i>	<i>Unemployment Rate (%)<sup>(3)</sup></i>
<b>2015</b>				
Beaumont	19,500	18,700	800	4.0%
Riverside County	1,033,300	964,100	69,200	6.7
State of California	18,896,500	17,724,800	1,171,700	6.2
United States <sup>(4)</sup>	157,130,000	148,834,000	8,296,000	5.3
<b>2016</b>				
Beaumont	20,600	19,600	1,000	4.8%
Riverside County	1,051,400	987,200	64,200	6.1
State of California	19,093,700	18,048,800	1,044,800	5.5
United States <sup>(4)</sup>	159,187,000	151,436,000	7,751,000	4.9
<b>2017</b>				
Beaumont	21,500	20,600	900	4.0%
Riverside County	1,072,200	1,015,800	56,300	5.3
State of California	19,312,000	18,393,100	918,900	4.8
United States <sup>(4)</sup>	160,320,000	153,337,000	6,982,000	4.4
<b>2018</b>				
Beaumont	22,700	21,900	800	3.3%
Riverside County	1,091,400	1,042,700	48,700	4.5
State of California	19,398,200	18,582,800	815,400	4.2
United States <sup>(4)</sup>	162,075,000	155,761,000	6,314,000	3.9
<b>2019</b>				
Beaumont	23,000	22,300	800	3.3%
Riverside County	1,104,000	1,057,900	46,100	4.2
State of California	19,411,600	18,627,400	784,200	4.0
United States <sup>(4)</sup>	163,539,000	157,538,000	6,001,000	3.7

(1) Includes persons involved in labor-management trade disputes.

(2) Includes all persons without jobs who are actively seeking work.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

(4) Not strictly comparable with data for prior years.

Source: California Employment Development Department, March 2019 Benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

**Personal Income**

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in Riverside County increased by 52% between 2007 and 2018. The following tables summarize personal income for Riverside County for 2007 through 2018.

**PERSONAL INCOME**  
**Riverside County**  
**2007-2018**  
**(Dollars in Thousands)**

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2007	\$65,561,491	5.1%
2008	66,718,107	1.8
2009	65,363,159	(2.0)
2010	67,568,045	3.4
2011	71,949,357	6.5
2012	74,075,529	3.0
2013	76,493,787	3.3
2014	80,637,967	5.4
2015	86,092,487	6.8
2016	90,273,976	4.9
2017	95,140,992	5.4
2018	99,591,680	5.7

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita personal income for Riverside County, California and the United States for 2010-2019. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

**PER CAPITA PERSONAL INCOME**  
**2010 through 2019**  
**Riverside County, State of California and United States**

<u>Year</u>	<u>Riverside County</u>	<u>State of California</u>	<u>United States</u>
2010	\$30,698	\$43,636	\$40,547
2011	32,196	46,175	42,739
2012	32,737	48,813	44,605
2013	33,440	49,303	44,860
2014	34,753	52,363	47,071
2015	36,642	55,808	48,994
2016	37,936	57,801	49,890
2017	38,975	60,219	51,910
2018	40,637	63,711	54,526
2019	(1)	66,661	56,663

(1) 2019 not available for the County.

Note: Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2010-2018 reflect county population estimates available as of March 2019.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

**Taxable Sales**

The table below presents taxable sales for the years 2015 through 2019 for the City.

**TAXABLE SALES  
City of Beaumont  
2015-2019<sup>(1)</sup>  
(Dollars in Thousands)**

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2015 <sup>(1)</sup>	1,208	394,993
2016	1,264	414,906
2017	1,281	429,066
2018	1,382	455,127
2019	1,441	472,714

<sup>(1)</sup> Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.

Source: "Taxable Sales in California (Sales & Use Tax)" - California State Board of Equalization for 2015-2019; Taxable Sales in California, California Department of Tax and Fee Administration for 2015-2019.

The table below presents taxable sales for the years 2015 through 2019 for the County.

**TAXABLE SALES  
County of Riverside  
2015-2019<sup>(1)</sup>  
(Dollars in Thousands)**

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2015 <sup>(1)</sup>	55,857	33,166,660
2016	57,742	34,483,694
2017	58,969	36,407,460
2018	61,433	38,919,498
2019	64,063	40,557,845

<sup>(1)</sup> Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.

Source: "Taxable Sales in California (Sales & Use Tax)" - California State Board of Equalization for 2015-2019; Taxable Sales in California, California Department of Tax and Fee Administration for 2015-2018

**APPENDIX D**

**SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE**

*The following is a summary of certain definitions and provisions of the Indenture which is not described elsewhere in the Official Statement. This Summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of its provisions.*

[TO COME]

APPENDIX E-1

FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated \_\_\_\_\_, 2020 (the "Disclosure Certificate") is executed and delivered by City of Beaumont Community Facilities District No. 93-1 (the "District") in connection with the issuance and delivery by the District of its \$\_\_\_\_\_ (Improvement Area No. 8F) 2020 Special Tax Bonds (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted on \_\_\_\_\_, 2020, by the City Council of the City of Beaumont, acting as the legislative body of the District, and the Bond Indenture dated as of June 1, 2020, by and between the District and Wilmington Trust, National Association, as trustee. The District covenants as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Section 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

"City" means the City of Beaumont.

"Disclosure Representative" shall mean the City Manager, or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean, initially, WEBB Municipal Finance, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the then current Dissemination Agent a written acceptance of such designation.

"District" shall mean City of Beaumont Community Facilities District No. 93-1.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB.

"Improvement Area No. 8F" shall mean Improvement Area No. 8F of the District.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

"Official Statement" shall mean that certain Official Statement for the Bonds dated December 4, 2018.

"Owners" shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

“Trustee” means Wilmington Trust, National Association or such other entity appointed by the District pursuant to the Indenture to act as the trustee under the Indenture.

“Underwriter” shall mean any underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

### Section 3. Provision of Annual Reports.

(a) The District shall, or, if the Dissemination Agent is other than the District, upon written direction shall cause the Dissemination Agent to, not later than February 10 after the end of the District’s Fiscal Year (June 30) commencing with the report due by February 10, 2020, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) In the event that the Dissemination Agent is an entity other than the District, then the provisions of this Section 3(b) shall apply. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report, the District shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to the due date for an Annual Report the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District will be filing the Annual Report in compliance with subsection (a). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in subsection (a), the Dissemination Agent shall send, in a timely manner, a notice to EMMA, in the form required by EMMA.

(d) If the Dissemination Agent is other than the District, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the repository if other than the MSRB through EMMA; and

(ii) promptly after receipt of the Annual Report, file a report with the District certifying that the Annual Report has been provided to EMMA and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the MSRB’s EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The District’s first Annual Report shall consist solely of the Official Statement. Thereafter, the Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the City for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the City may, from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the City shall modify the basis upon which its financial statements are prepared, the District shall provide the information referenced in Section 8 below regarding such modification. If the City is preparing audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following:

(i) the principal amount of the Bonds outstanding as of the September 2 preceding the filing of the Annual Report;

(ii) the balance in each fund under the Indenture and the Reserve Requirement as of the September 30 preceding the filing of the Annual Report;

(iii) any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors of Improvement Area No. 8F for approval prior to the filing of the Annual Report;

(iv) an update of the value-to-lien ratio for Improvement Area No. 8F substantially in the form of Table 2 in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year;

(v) the status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes;

(vi) a statement whether the District has been included in the County of Riverside’s Teeter Plan;

(vii) a description of the collection and delinquency rate of Special Taxes in Improvement Area No. 8F for the Fiscal Year then ended; and

(viii) any information not already included under (i) through (vii) above that the District is required to file in its annual report pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, with the California Debt and Investment Advisory Commission.



Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB through EMMA. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause the Dissemination Agent to give, notice filed with the Repository of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in paragraph 5(a)(5) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
3. appointment of a successor or additional paying agent or the change of the name of a paying agent;
4. nonpayment related defaults;
5. modifications to the rights of Owners of the Bonds;
6. bond calls
7. release, substitution or sale of property securing repayment of the Bonds; and
8. incurrence of a financial obligation 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 affect security holders.

(c) Upon the occurrence of a Listed Event under Section 5(b) above, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The District hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the District and that the Dissemination Agent, if other than the District, shall not be responsible for determining whether the District's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(f) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule and a continuing disclosure undertaking has been entered into.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be WEBB Municipal Finance, LLC. The Dissemination Agent, if other than the District, shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the District. The Dissemination Agent may resign by providing thirty (30) days written notice to the District and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver is related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the formed accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Trustee at the written direction of any Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate, but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorney. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Where an entity other than the District is acting as the Dissemination Agent, the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and

liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

District: City of Beaumont  
Community Facilities District No. 93-1  
55 East Sixth Street  
Beaumont, CA 92223  
Attn: City Manager

Underwriter: Stifel, Nicolaus & Company, Incorporated  
515 South Figueroa Street, Suite 1800  
Los Angeles, CA 90071  
Attn: Thomas Jacob

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

This Disclosure Certificate is executed as of the date and year first set forth above.

CITY OF BEAUMONT COMMUNITY FACILITIES  
DISTRICT NO. 93-1

By: \_\_\_\_\_  
Disclosure Representative

## APPENDIX E-2

## FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE

This Developer Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by Pardee Homes, a California corporation (“Pardee”) in connection with the issuance of City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8F) 2020 Special Tax Bonds (the “Bonds”). The Bonds are being issued pursuant to a Bond Indenture (the “Indenture”) dated as of June 1, 2020 by and between the City of Beaumont Community Facilities District No. 93-1 (the “District”) and Wilmington Trust, National Association, as trustee (the “Trustee”). Pardee covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by Pardee for the benefit of the Participating Underwriter (as defined below) and the holders and Beneficial Owners of the Bonds.

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

“*Assumption Agreement*” means an undertaking of a Major Owner or a Relevant Entity thereof, for the benefit of the holders and Beneficial Owners of the Bonds, containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner’s development and financing plans with respect to the property of the Major Owner within the Improvement Area No. 8F), whereby such Major Owner or Relevant Entity agrees to provide semi-annual reports and notices of significant events, setting forth the information described in Sections 4 and 5 hereof, respectively, with respect to the portion of the property in the Improvement Area No. 8F owned by such Major Owner and its Relevant Entities.

“*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 tax purposes.

“*City*” means the City of Beaumont, California.

“*Dissemination Agent*” means Pardee, or any successor Dissemination Agent designated in writing by Pardee, with the written consent of the District, and which has filed with Pardee, the District and the Participating Underwriter a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate.

“*EMMA System*” shall mean the Electronic Municipal Market Access System of the MSRB or such other electronic system designated by the MSRB (as defined below) or the Securities and Exchange Commission.

“*Improvement Area No. 8F*” means Improvement Area No. 8F of the District.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*Major Owner*” means, as of any Report Date, an owner (including all Relevant Entities of such owner) of taxable parcels in Improvement Area No. 8F will be responsible for at least 20% of the total Special Taxes projected to be levying in Improvement Area No. 8F in the current Fiscal Year.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“Official Statement” means the final official statement, dated \_\_\_\_\_, 2020, executed by the District in connection with the issuance of the Bonds.

“Participating Underwriter” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Property” means (i) the property owned by Pardee or a Relevant Entity in Improvement Area No. 8F and subject to the Special Taxes as of the Report Date, and (ii) the property that was formerly owned by Pardee or a Relevant Entity in Improvement Area No. 8F but is still subject to the undertakings of this Disclosure Certificate under Section 7(b) as of the Report Date.

“Relevant Entity” means, with respect to Pardee, any other Person (i) directly, or indirectly through one or more intermediaries, is controlling, controlled by or under common control with such Person, and (ii) for whom information, including financial information or operating data, concerning such Person referenced in clause (i) is material to an evaluation of Improvement Area No. 8F and the Bonds (i.e., information relevant to (a) Pardee’s development plans with respect to its Property and the payment of its Special Taxes on the Property, or (b) such Person’s assets or funds that would materially affect Pardee’s ability to develop its Property as described in this Official Statement or to pay its Special Taxes on the Property). For purposes hereof, the term “control” (including the terms “controlling,” “controlled by” or “under common control with”) means the present possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Report Date” means (a) June 1 of each year, and (b) December 1 of each year.

“Semi-Annual Report” means any Semi-Annual Report provided by Pardee pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Special Taxes” means the special taxes levied on the Property within Improvement Area No. 8F.

“State” shall mean the State of California.

Section 3. Provision of Semi-Annual Reports.

(a) Pardee shall, or, upon written direction of Pardee, the Dissemination Agent shall, not later than the Report Date, commencing December 1, 2020, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information as prescribed by the MSRB, a Semi-Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Participating Underwriter and the District. If, in any year, June 1 or December 1 falls on a Saturday, Sunday or a holiday, such deadline shall be extended to the next following day that is not a Saturday, Sunday, or holiday. If Pardee utilizes the Dissemination Agent to file the Semi-Annual Report, then not later than 15 calendar days prior to the Report Date, Pardee shall provide the Semi-Annual Report to the Dissemination Agent (if different from Pardee), and shall provide a written certification with (or included as a part of) each Semi-Annual Report furnished to the Dissemination Agent, the Participating Underwriter, and the District to the effect that such Semi-Annual Report constitutes the Semi-Annual Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent, the Participating Underwriter and the District may conclusively rely upon such certification of Pardee and shall have no duty or obligation to review the Semi-Annual Report. The Semi-Annual Report may be submitted as a single document or as separate

documents comprising a package and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent (if different from Pardee) does not receive a Semi-Annual Report from Pardee and cannot verify that a Semi-Annual Report has been filed with the MSRB through the EMMA System by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to Pardee that the Semi-Annual Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct Pardee to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 7 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If Pardee does not provide, or cause the Dissemination Agent to provide, a Semi-Annual Report to the MSRB through the EMMA System by the Report Date as required in subsection (a) above, the Dissemination Agent shall, in a timely manner, provide to the MSRB through the EMMA System, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Participating Underwriter and the District.

(c) The Dissemination Agent shall:

(i) determine prior to each Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of continuing disclosure reports; and

(ii) to the extent the Semi-Annual Report has been furnished to it, file a report with Pardee (if the Dissemination Agent is other than Pardee), the Participating Underwriter and the District certifying that the Semi-Annual Report has been provided to the MSRB through the EMMA System pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Semi-Annual Reports. Until the obligations under this Disclosure Certificate are terminated pursuant to Section 7, each Semi-Annual Report shall contain or incorporate by reference the information set forth in Exhibit B, any or all of which may be included by specific reference to other documents, including official statements of debt issues of Pardee or public entities, which are available to the public on the EMMA System or filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. Pardee shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit B, each Semi-Annual Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) Until the obligations under this Disclosure Certificate are terminated pursuant to Section 7, Pardee shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against Pardee and, if known, any bankruptcy or insolvency proceedings commenced by or against any Relevant Entity of Pardee that owns property subject to the Special Taxes that in the reasonable judgment of Pardee could have a material adverse impact on Pardee's ability to pay its Special Taxes prior to delinquency or to sell or develop the Property as described in the Official Statement or most recent Semi-Annual Report;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property prior to the delinquency date, to the extent such failure is not promptly cured by Pardee or a Relevant Entity upon discovery thereof;

(iii) filing of a lawsuit against Pardee or if known, a Relevant Entity of Pardee, seeking damages which, if successful could have, or a final judgment in a lawsuit against Pardee or if known, a Relevant Entity which has, a material and adverse impact on Pardee' (or a Relevant Entity's, if the Relevant Entity owns property within Improvement Area No. 8F) ability to pay Special Taxes prior to delinquency or to sell or develop the Property as described in the Official Statement or most recent Semi-Annual Report;

(iv) any conveyance by Pardee or a Relevant Entity of any of the Property to an entity that is not a Relevant Entity of Pardee, the result of which conveyance is to cause the transferee to become a Major Owner and the related assumption of any obligation by a Major Owner pursuant to Section 7;

(v) material damage to or destruction of any of the improvements on the Property; and

(vi) any payment default or other material default by Pardee that continues to exist beyond any applicable notice and cure periods on any loan or line of credit with respect to the construction of improvements on the Property that would have a material adverse effect on Pardee' most recently disclosed development plan or financing with respect to the Property, or the ability of Pardee or any Relevant to pay its Special Taxes prior to delinquency.

(b) If a Listed Event occurs, Pardee shall in a timely manner not in excess of 10 business days after obtaining knowledge of the Listed Event determine if such event would be material under applicable Federal securities law.

(c) If Pardee determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, Pardee shall, or shall cause the Dissemination Agent to, file in a timely manner not in excess of 10 business days after obtaining knowledge of the Listed Event of the occurrence of such Listed Event, a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, with a copy to the Participating Underwriter and the District.

Section 6. Identifying Information for Filings with the MSRB; Format for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Duration of Reporting Obligation.

(a) All of Pardee' obligations hereunder shall commence on the date hereof and shall terminate (except as provided in Section 12) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the Bonds, or

(ii) Pardee and its Relevant Entities collectively are no longer responsible for the payment of at least 20% of the total Special Taxes to be levied within Improvement Area No. 8F in the current Fiscal Year.

(iii) the date on which Pardee prepays in full all of the Special Taxes attributable to the Property.

(iv) the date 236 homes within Improvement Area No. 8F have been conveyed to individual homeowners.



Pardee shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) If a portion of the Property is conveyed to a person or entity that, upon such conveyance, will be a Major Owner, the obligations of Pardee hereunder with respect to the property conveyed to such Major Owner may be assumed by such Major Owner or by a Relevant Entity thereof, and Pardee' obligations hereunder with respect to that portion of the Property conveyed will be terminated. In order to effect such an assumption, such Major Owner or a Relevant Entity shall enter into an Assumption Agreement in the form of this Disclosure Certificate. Until such time as such Assumption Agreement is entered into, Pardee shall continue to be responsible for the obligations hereunder.

Section 8. Dissemination Agent. Pardee may, from time to time, with the written consent of the District, appoint or engage a Dissemination Agent to assist Pardee in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, without cause, with the written consent of the District, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Pardee.

The Dissemination Agent may resign by providing thirty days' written notice to the District, Pardee, and the Participating Underwriter. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by Pardee. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by Pardee in a timely manner and in a form suitable for filing.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, Pardee may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (*provided, however*, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

(a) if the amendment or waiver relates 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 type of business conducted.

(b) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

(c) In the event of any amendment or waiver of a provision of this Disclosure Certificate, Pardee shall describe such amendment in the next Semi-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 Pardee.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent Pardee from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Semi-Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If Pardee chooses to include any information in any Semi-Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, Pardee shall have no obligation under this Disclosure Certificate to update such information or include it in any future Semi-Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of Pardee to comply with any provision of this Disclosure Certificate, the District and the Participating Underwriter and any holder 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 Pardee or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of Pardee to comply with this Disclosure Certificate shall be an action to compel performance. Neither Pardee nor the Dissemination Agent shall have any liability to the owners of the Bonds or any other party for monetary damages or financial liability of any kind whatsoever relating to or arising from this Disclosure Certificate.

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 Certificate, and Pardee agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each an “**Indemnified Party**”), harmless against any loss, expense and liabilities which it may incur arising out of or in the reasonable exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding any loss, expense and liabilities due to the Indemnified Party’s negligence or willful misconduct or failure to perform its duties hereunder. The Dissemination Agent (if other than Pardee) shall be paid compensation for its services provided hereunder from the Administrative Expense Fund established under the Fiscal Agent Agreement in accordance with the Dissemination Agent’s schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, Pardee, the Participating Underwriter, the Bond Owners, or any other party. The obligations of Pardee under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given by electronic mail, regular mail, or overnight mail as follows:

- To the District: City of Beaumont  
Community Facilities District No. 93-1  
55 East Sixth Street  
Beaumont, CA 92223  
Attn: City Manager
- To the Participating Underwriter: Stifel, Nicolaus & Company, Incorporated  
515 South Figueroa Street, Suite 1800  
Los Angeles, CA 90071  
Attn: Thomas Jacob
- To Pardee: Pardee Homes  
1250 Corona Pointe Court, Suite 600  
Corona, CA 92879  
Attention: Mike Taylor, Jeff Chambers
- With a copy to: John P. Yeager, Esq.  
O’Neil LLP  
1990 MacArthur Boulevard, Suite 1050  
Irvine, CA 92612

Any Person may, by written notice to the other Persons listed above, designate a different address or email address to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, Pardee, the Dissemination Agent, the Participating Underwriter and holders and Beneficial Owners from time to time of the Bonds and shall create no rights in any other Person or entity. All obligations of Pardee hereunder shall be assumed by any legal successor to the obligations of Pardee as a result of a sale, merger, consolidation or other reorganization.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: \_\_\_\_\_, 2020

PARDEE HOMES,  
a California corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Beaumont Community Facilities District No. 93-1 (the "District")

Name of Bond Issue: \$\_\_\_\_\_ City of Beaumont Community Facilities District No. 93-1  
(Improvement Area No. 8F) 2020 Special Tax Bonds

Date of Issuance: \_\_\_\_\_, 2020

NOTICE IS HEREBY GIVEN that \_\_\_\_\_ (the "**Major Owner**") has not provided a Semi-Annual Report with respect to the above-named Bonds as required by the Developer Continuing Disclosure Certificate, dated \_\_\_\_\_, 2020. The Major Owner anticipates that the Semi-Annual Report will be filed by \_\_\_\_\_.

Dated:

DISSEMINATION AGENT:

\_\_\_\_\_

By:

Its:

cc:

**EXHIBIT B**  
**SEMI-ANNUAL REPORT**

[June 1/December 1]

\$ \_\_\_\_\_  
**CITY OF BEAUMONT**  
**COMMUNITY FACILITIES DISTRICT NO. 93-1**  
**(IMPROVEMENT AREA NO. 8F)**  
**2020 SPECIAL TAX BONDS**

This Semi-Annual Report is hereby submitted under Section 4 of the Developer Continuing Disclosure Certificate (the “**Disclosure Certificate**”), dated \_\_\_\_\_, 2020, executed by the undersigned (the “**Pardee**” or “**Developer**”) in connection with the issuance of the above-captioned bonds by the City of Beaumont Community Facilities District No. 93-1 (the “**District**”).

Capitalized terms used in this Semi-Annual Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

**I. Property Ownership and Development**

The information in this section is provided as of \_\_\_\_\_, 20\_\_ (this date must be not more than 60 days before the Report Date).

A. Description of the Property currently owned by the Developer and its Relevant Entities in substance and form similar to such information in the Official Statement for the Bonds:

B. Updated information regarding land development and home construction activities with regard to the Property described in the Official Statement for the Bonds or the Semi-Annual Report last filed in accordance with the Disclosure Certificate:

C. Status of building permits and any material changes to the description of land use or development entitlements with regard to the Property described in the Official Statement for the Bonds or the Semi-Annual Report last filed in accordance with the Disclosure Certificate:

D. Status of any land purchase contracts with regard to the Property, whether acquisition of land in Improvement Area No. 8F by the Developer or sales of land to other developers (other than individual homeowners):

E. A statement as to whether or not the Developer and all of its Relevant Entities paid, prior to their becoming delinquent, all Special Taxes levied on the Property and if such Developer or any of such Relevant Entities is delinquent in the payment of such Special Taxes, a statement identifying each entity that is so delinquent, specifying the amount of each such delinquency and describing any plans to resolve such delinquency:

**II. Legal and Financial Status of Developer**

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any material change in the legal structure of the Developer or the financial condition and

financing plan of the Developer that would materially and adversely interfere with its ability to complete its development plan with regard to the Property described in the Official Statement.

**III. Change in Development or Financing Plans**

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any development plans or financing plans relating to the Property that are materially different from the proposed development and financing plan described in the Official Statement.

**IV. Official Statement Updates**

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any other significant changes in the information relating to the Developer or the Property contained in the Official Statement under the heading "PROPERTY OWNERSHIP AND THE DEVELOPMENT" that would materially and adversely interfere with the Developer's ability to develop and sell the Property as described in the Official Statement.

**V. Other Material Information**

In addition to any of the information expressly required above, provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

**Certification**

The undersigned hereby certifies that this Semi-Annual Report constitutes the Semi-Annual Report required to be furnished by Pardee under the Disclosure Certificate.

ANY OTHER STATEMENTS REGARDING THE DEVELOPER, THE DEVELOPMENT OF THE PROPERTY, THE DEVELOPER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY PARDEE IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY PARDEE. PARDEE IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

PARDEE HAS NO OBLIGATION TO UPDATE THIS SEMI-ANNUAL REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated: PARDEE HOMES,  
a California corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPENDIX F****BOOK-ENTRY ONLY SYSTEM**

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts

such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as prepayments, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

**THE PAYING AGENT, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.**



**APPENDIX G**  
**SECURITIES AND EXCHANGE COMMISSION ORDER**

**APPENDIX H**  
**APPRAISAL REPORT**

**ACQUISITION AGREEMENT**

**by and among**

**CITY OF BEAUMONT,**

**CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1  
IMPROVEMENT AREA NO. 8F**

**and**

**PARDEE HOMES**

**Dated as of May 1, 2020**

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THIS ACQUISITION AGREEMENT (the “Acquisition Agreement”), dated as of May 1, 2020, is by and among the CITY OF BEAUMONT, a general law city (the “City”), the CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1, a community facilities district created pursuant to the Act (defined herein) (the “District”), and PARDEE HOMES, a California corporation (the “Owner”).

**RECITALS**

A. **The District.** The City Council of the City has established the District and Improvement Area No. 8F (the “Improvement Area”) therein under the Act for the financing of, among other things, the acquisition, construction and installation of public facilities identified in the proceedings to form the District and the Improvement Area, which include the facilities listed in Exhibits A and C hereto (the “Facilities”), and which include the DIF Improvements (as hereinafter defined).

B. **The Development.** The land within the Improvement Area is currently expected to be developed with 294 dwelling units within Tracts 37428 and 31469-6 and a portion of Tracts 31469-3 and 31469-1 as part of a master-planned community commonly known as “Sundance.”

C. **The Facilities.** As part of the District and the Improvement Area formation proceedings, the Facilities were authorized to be acquired by the District, and the District proceedings contemplated that acquisition agreements would be entered into from time to time to describe the terms of such acquisition. The Facilities are within or serve the City, and the City and the Owner will benefit from a coordinated plan of design, engineering and construction of the Facilities and the development of the land within the Improvement Area. The facilities that are eligible for acquisition by the City from the Owner under this Acquisition Agreement are only the Facilities listed in Exhibit A hereto, as such Exhibit may be amended and/or supplemented by any Supplement approved by the City and Owner.

D. **The Settlement Agreement.** The Owner, the City, the District and certain other community facilities districts of the City entered into that certain Settlement Agreement (the “Settlement Agreement”) dated February 7, 2017, which is incorporated herein by this reference. This Acquisition Agreement is intended to, among other things, implement the terms of Sections 4 and 5 of the Settlement Agreement. Under the Settlement Agreement, the Owner and the City are to enter into this Acquisition Agreement and similar acquisition agreements with respect to the Improvement Area, the City’s Community Facilities District No. 2016-2, the City’s Community Facilities District No. 2016-3 and Improvement Areas 8E and 17D of the District (the “Other Acquisition Agreements”) in order to, among other things, provide the terms pursuant to which the Owner is to design and construct certain DIF Improvements (defined below) or advance funds to the City to design and construct other DIF Improvements. The amount of the advances and expenditures for DIF Improvements shall be reimbursed to the Owner from the proceeds of special taxes and bonds of the Improvement Area as specifically provided for in this Acquisition Agreement. Under the Settlement Agreement, the Owner has the right to receive a credit against DIFs for its design and construction of identified DIF Improvements.

E. **The Financing.** In order to facilitate development within the Improvement Area, the Owner, the District and the City wish to enter into this Acquisition Agreement to finance the acquisition of the Facilities, as defined below, and provide for the payment of the Facilities and

Discrete Components thereof as shown in Exhibits A and C hereto (as such Exhibits may be amended and supplemented by any Supplement).

G. **The Bonds.** The District may proceed with the authorization and issuance of the Bonds in one or more series under the Act and the Indenture, the proceeds of which Bonds shall be used, in part, to finance the Facilities.

H. **No Advantage to City Construction.** The City, by its approval of this Acquisition Agreement, has determined that it will obtain no advantage from undertaking the construction by the City directly of the Facilities and that the provisions of this Acquisition Agreement require that the Facilities constructed by the Owner and acquired with the funds in the Improvement Fund, as defined below, be constructed as if they had been constructed under the direction and supervision of the City. The Owner hereby represents that it has experience in the supervision of the construction of improvements of the character of the Facilities.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City, the District and the Owner agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

**ARTICLE I**  
**DEFINITIONS**

**Section 1.1 Definitions.** The following terms shall have the meanings ascribed to them in this Section 1.1 for purposes of this Acquisition Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

“Acceptable Title” means title to land or interest therein, in form acceptable to the Director, free and clear of all liens, taxes, assessments, leases, easements and encumbrances, whether or not recorded, but subject to any exceptions determined by the Director as not interfering with the actual or intended use of the land or interest therein. Notwithstanding the foregoing, an irrevocable offer of dedication may constitute land with an “Acceptable Title” if: (i) such offer is necessary to satisfy a condition to a tentative or final parcel map, (ii) such offer is in a form acceptable to the Director, (iii) the Director has no reason to believe that such offer of dedication will not be accepted by the applicable public agency, and (iv) the Owner commits in writing not to allow any liens to be imposed on such property prior to its acceptance.

“Acceptance Date” means the date the City Council (or other public entity which is to own a Facility) takes final action to accept dedication of or transfer of title to a Facility.

“Acquisition Agreement” means this Acquisition Agreement, together with any Supplement hereto.

“Act” means the Mello-Roos Community Facilities Act of 1982, Section 53311 et seq. of the California Government Code, as amended.

“Actual Cost” means the substantiated cost of a Facility or a Discrete Component, which costs may include: (i) the costs incurred for the construction of such Facility or Discrete Component,



(ii) the costs incurred in preparing the Plans for such Facility or Discrete Component and the related costs of environmental evaluations of the Facility or Discrete Component, (iii) the fees paid to governmental agencies or utilities for obtaining permits, licenses or other governmental approvals for such Facility or Discrete Component, (iv) professional costs incurred that are associated with such Facility or Discrete Component, such as construction management and supervision (not to exceed 15% of the costs in (i) above), engineering, legal, accounting, inspection, construction staking, materials testing and similar professional services; and (v) the actual costs directly related to the construction and/or acquisition of a Facility or Discrete Component, such as costs of payment, performance and/or maintenance bonds, and insurance costs (including costs of any title insurance required hereunder) (but excluding the cost of real property unless paid to unrelated third parties).

“Advances” means funds advanced by the Owner to the City for DIF Improvements pursuant to and as specifically identified in the DIF Improvements Schedule.

“Affiliate” means any entity with respect to which fifty percent (50%) or more of the ownership or voting power is held individually or collectively by any of the Owner and any other entity owned, controlled or under common ownership or control by or with, as applicable, the Owner, and includes all general partners of any entity which is a partnership. Control shall mean ownership of fifty percent (50%) or more of the voting power of or ownership interest in the respective entity.

“Bonds” means the bonds to be issued by the District for the Improvement Area pursuant to the Act in one or more series.

“City” means the City of Beaumont, a general law city.

“City Fees” means fees paid by the Owner to the City pursuant to the conditions of development or as development impact fees that relate to the Facilities.

“Conditions of Approval” means, with respect to any portion of the property within the Improvement Area, the conditions of approval of all land use entitlements approved by the City and the conditions of any development agreement, subdivision improvement agreement or other agreement between the Owner and the City relating to such property which conditions must be satisfied in order to develop such property.

“County” means the County of Riverside, California.

“Deposit” means the amounts paid to the City by the Owner as Fees.

“DIFs” means those development impact, connection and capacity fees of the City imposed on development within the City, as specific in Exhibit B hereto.

“DIF Improvements” means those Facilities identified in Exhibit C, which also includes Facilities or Discrete Components thereof that are or will be the subject of a TUMF Credit Agreement.

“DIF Improvements Schedule” means Exhibit C hereto.

“Director” means the Director of Public Works of the City, or his or her written designee acting as such under this Acquisition Agreement.

“Discrete Component” means a component of a Facility that the Director has agreed can be separately identified, inspected and completed, and be the subject of a Payment Request hereunder. The Discrete Components are described in Exhibit A hereto.

“District” means the City of Beaumont Community Facilities District No. 93-1, created by the City under the Act.

“Facilities” means the facilities described in Exhibit A hereto which are to be acquired with the proceeds of the Special Taxes and Bonds, and shall include the DIF Improvements.

“Financing Policies” means the City of Beaumont’s Goals and Policies for Community Facilities Districts, as adopted May 8, 1995 by Resolution No. 1995-23, attached hereto as Exhibit E.

“Improvement Area” means Improvement Area No. 8F of the District.

“Improvement Fund” means, (a) prior to the initial issuance of Bonds, the fund or account established by the City for the District, howsoever denominated, into which Net Proceeds of the Special Taxes are to be deposited, and (b) from and after the initial issuance of Bonds, the fund or account established under the Indenture for such Bonds, howsoever denominated, into which Net Proceeds of Bonds and Special Taxes are to be deposited.

“Indenture” means the bond indenture or similar document between the District and the Trustee, providing for, among other matters, the issuance of the Bonds and the establishment of the Improvement Fund, as it may be amended from time to time.

“Net Proceeds” means (a) with respect to Special Taxes, the proceeds of such Special Taxes received prior to the initial issuance of Bonds and remaining after the payment or setting aside of, or provision for, administrative expenses of the District, and (b) with respect to Bonds, the proceeds of such Bonds remaining after the payment or setting aside of, or provisions for (i) the underwriter’s discount for such Bonds, (ii) the costs of issuance of such Bonds, including the costs of authorizing the Special Taxes and Bonds of the District incurred by the City and Owner, (iii) any required reserve fund deposit for such Bonds, (iv) capitalized interest on such Bonds, and (v) prefunded administrative expenses of the District.

“Owner” means Pardee Homes, a California corporation, and its successors or assigns to the extent permitted under Section 8.7 hereof.

“Payment Request” means a document, substantially in the form of Exhibit D hereto, to be used by the Owner in requesting payment of a Purchase Price.

“Plans” means the plans, specifications, schedules and related construction contracts for the Facilities and/or any Discrete Components thereof approved pursuant to the applicable standards of the City.

“Purchase Price” means the amount paid by the District for a Facility and/or any Discrete Components thereof determined in accordance with Article III hereof, being an amount equal to the Actual Cost of such Facility or Discrete Component, but subject to the limitations and reductions provided for in Article III.

“Rate and Method” means the rate and method of apportionment of the special taxes of the District approved by the qualified electors of the Improvement Area.

“Special Taxes” means the special taxes for facilities in the Improvement Area levied in accordance with the Rate and Method.

“Supplement” means a written document amending, supplementing or otherwise modifying this Acquisition Agreement and any exhibit hereto, including any amendments to the list of Discrete Components in Exhibit A, and/or the addition to Exhibit A of additional Facilities (and Discrete Components) to be financed with the proceeds of the Bonds deposited in the Improvement Fund eligible to be financed by the District.

“Trustee” means a financial institution in its capacity as trustee or fiscal agent under the Indenture, or any successor thereto acting as trustee or fiscal agent under the Indenture.

**ARTICLE II  
FUNDING**

**Section 2.1 Issuance of Bonds.** Upon the written request of the Owner or City, the Owner and the City staff shall meet regarding the amount, timing and other material aspects of each series of the Bonds. The legal proceedings for the issuance of the Bonds and the series, principal amounts, rates, terms, conditions and timing of the sale of the Bonds shall be in all respects be solely determined by the City Council of the City, acting as the governing body of the District, in accordance with this Acquisition Agreement; provided that, subject to satisfaction of the applicable Financing Policies, sound municipal financing practices and the requirements of this Acquisition Agreement, as soon as possible following the execution of this Acquisition Agreement the City shall use commercially reasonable efforts to cause the District to issue and sell the Bonds in an amount sufficient to fund the Facilities. For purposes of sizing each series of Bonds, the priority annual Administrative Expense shall be \$30,000 for the Improvement Area.

Prior to the Bonds being issued for the Improvement Area, the Owner will be required to provide all information regarding the development of its property within the Improvement Area, including the financing plan for such development, which is necessary to ensure that the official statement for such Bonds complies with the requirements of all applicable federal and state securities laws, including without limitation Rule 15c2-12 and Rule 10(b)-5 of the Securities and Exchange Commission (the “Commission”). Moreover, each property owner which is responsible for twenty percent (20%) or more of the maximum special tax within the Improvement Area, or owns a comparable amount of taxable property within the Improvement Area at the time each series of Bonds are issued (each a “Major Landowner”) will be required to enter into a continuing disclosure agreement to provide such continuing disclosure pertaining to the development of the land owned by such Major Landowner in the Improvement Area as necessary to assist the underwriter of the series of Bonds in complying with the continuing disclosure requirements of Rule 15c2-12 of the Commission and/or in marketing the Bonds. Each Major Landowner shall be required to execute a certificate in connection with each public sale of Bonds pursuant to which the Major Landowner shall indemnify and hold harmless City from claims arising from, or based upon, any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact in the above-referenced information.

**Section 2.2 Special Taxes and Bonds.** Prior to the issuance of the first series of Bonds for the Improvement Area, the “Assigned Special Tax” has been and shall continue to be levied in each fiscal year on parcels classified as “Developed Property” pursuant to and as defined in the Rate and Method. The Net Proceeds of such Special Taxes have been and shall continue to be deposited in the Improvement Fund. In addition, the proceeds of each full or partial prepayment of Special Taxes attributable to eligible facilities prior to the issuance of Bonds shall be deposited in the Improvement Fund. The City, the District and the Owner are entering into this Acquisition Agreement and authorized the levy of the Special Taxes for the purpose of creating and allocating certain streams of revenues that are or will be available to pay directly or reimburse the costs of acquisition and construction of the Facilities and to pay debt service on Bonds and other indebtedness of the District. The District shall make available the Net Proceeds of Special Taxes to the Owner for the reimbursement of costs of the Facilities, including the payment and Advances of DIFs for DIF Improvements.

Following the issuance of the Bonds, the District shall have no obligation to levy Special Taxes to pay directly for the costs of reimbursing or paying the Owner for the Facilities. The Owner, the City and the District hereby acknowledge and agree that any reduction or termination of the Special Taxes by exercise of the initiative power or the exercise of discretion of the City or the District would constitute a substantial impairment of revenue stream of Special Taxes that the Owner, the City and the District intend to create for the purpose of providing an assured source of funding for such costs, and the Owner agrees not to participate in or support, directly or indirectly, any such actions.

**Section 2.3 Net Proceeds.** The proceeds of the Bonds shall be deposited, held, invested, reinvested and disbursed as provided in the Indenture. The Net Proceeds of the Bonds will be set aside under the Indenture in the Improvement Fund. Moneys in the Improvement Fund shall be withdrawn therefrom in accordance with the provisions of the Indenture and the applicable provisions hereof for payment of all or a portion of the costs of construction and/or acquisition of the Facilities (including payment of the Purchase Price of Discrete Components thereof), and to discharge the Owner’s obligation to pay the DIFs, all as herein provided. Funds in the Improvement Fund shall be reserved and disbursed in accordance with the following preferred priority:

- (i) The first priority shall be the reimbursement of DIFs and Advances paid previously by the Owner;
- (ii) The second priority shall be the payment of the Purchase Price of DIF Improvements and Discrete Components of DIF Improvements pursuant to the DIF Improvements Schedule; and
- (iii) The third priority shall be the payment of the Purchase Price of other Facilities and Discrete Components.

The Owner acknowledges that any lack of availability of amounts in the Improvement Fund to pay the Purchase Price of Facilities or any Discrete Components thereof and/or to discharge the Owner’s obligation to pay the DIFs and/or to reimburse the Owner for Advances shall in no way diminish any obligation of the Owner with respect to the construction of or contributions for public facilities and mitigation measures required by the Conditions of Approval or any subdivision, development or other agreement to which the Owner is a party, or any governmental approval to which the Owner or any land within the Improvement Area are subject.

**Section 2.4 Disclosure of Special Tax.** Copies of the executed “Notice of Special Tax” required by California Government Code Section 53341.5 provided to the purchaser of real property within the Improvement Area shall be provided to the City Director of Finance. The Director of Finance’s receipt of such “Notice of Special Tax” shall not be construed as City or District approval of the form of Notice or in any way make the City or District liable for deficiencies in such “Notice of Special Tax.” Owner agrees to retain copies of the Notice of Special Tax it has provided to homebuyers within the Improvement Area for a period of three (3) years and to provide them to the City upon City’s written request.

**Section 2.5 City DIF Program.** In accordance with the Settlement Agreement, the City and the Owner agree the Owner shall provide for the design, engineering and construction of the DIF Improvements and/or make advances for the DIF Improvements in accordance with the DIF Improvements Schedule attached hereto as Exhibit C. Advances for DIF Improvements shall be diligently completed on a date mutually agreed to by the Owner and the City. The amount the Owner is required to spend for each DIF Improvement or Advance, as specified in the DIF Improvements Schedule, shall be adjusted in accordance with Section 5 of the Settlement Agreement and shall be inclusive of amounts spent or financed by the Owner pursuant to this Acquisition Agreement and all Other Acquisition Agreements.

**ARTICLE III**  
**CONSTRUCTION AND ACQUISITION OF FACILITIES**

**Section 3.1 Schedule for DIF Improvements and/or Advances.** In accordance with the Settlement Agreement, the City and Owner agree Owner shall provide for the design, engineering and construction of the DIF Improvements and/or make Advances for the DIF Improvements in accordance with the DIF Improvements Schedule attached hereto as Exhibit C. Advances for DIF Improvements shall be made on the dates provided in Exhibit C or, if not specifically provided therein, will be commenced as soon as reasonably possible following the City's written request and DIF Improvements shall be diligently completed on a date mutually agreed to by Owner and City. The amount Owner is required to spend for each DIF Improvement or Advance, as specified in the DIF Improvements Schedule, shall be adjusted in accordance with Section 5 of the Settlement Agreement and shall be inclusive of amounts spent or financed by Owner pursuant to this Agreement and all Other Acquisition Agreements. The Owner shall cause Plans to be prepared for the Facilities. The Owner shall obtain the City’s written approval of the Plans in accordance with applicable ordinances and regulations of the City. Copies of all Plans shall be provided by the Owner to the Director upon request therefor, and, in any event, a written assignment of the Plans for any Facility shall be provided to the City prior to its acceptance of the Facility and as built drawings shall be provided to the City within 60 days of such acceptance.

**Section 3.2 Duty of Owner to Construct.** All Facilities and Discrete Components thereof to be acquired hereunder shall have been constructed at the direction of the Owner in accordance with the approved Plans following the solicitation of competitive bids. The Owner shall have employed at all times adequate staff or consultants with the requisite experience necessary to bid, administer and coordinate all work related to the design, engineering, acquisition, construction and installation of the Facilities to be acquired by the City from the Owner hereunder.

The Owner shall be obligated: (i) to cause the construction and cause conveyance to the City (or other applicable governmental agency) of all DIF Improvements and Discrete Components

specified for construction by the Owner in the DIF Improvements Schedule in accordance with this Acquisition Agreement and, as applicable, the TUMF Credit Agreements and Supplement to TUMF Agreement and all other Facilities and Discrete Components thereof in Exhibit A hereto in accordance with the Conditions of Approval, and (ii) with respect to all Facilities other than DIF Improvements, to use its own funds to pay all costs thereof in excess of the Purchase Prices thereof to be paid hereunder, if any.

With respect to the Facilities, the Owner shall not be relieved of its obligation to cause the construction of each Facility and Discrete Component thereof listed in Exhibit A hereto and convey each such Facility and Discrete Component to the City in accordance with the terms of this Acquisition Agreement and the Conditions of Approval even if, (i) because of the limitations imposed by this Agreement, the Purchase Price for such Discrete Component or Facility is less than the Actual Cost, or cost to the Owner, of such Discrete Component or Facility, or (ii) there are no funds or insufficient funds in the Improvement Fund to pay the Purchase Prices thereof, and, in any event, this Acquisition Agreement shall not affect any obligation of any owner of land in the Improvement Area under the Conditions of Approval with respect to the public improvements required in connection with the development of the land within the Improvement Area. The obligation of the Owner to construct and convey such Facilities, and pay the costs thereof in excess of available monies in the Improvement Fund and the timing of construction of such Facilities, shall be determined by the applicable Conditions of Approval and this Acquisition Agreement.

**Section 3.3 Relationship to Public Works.** This Acquisition Agreement is for the acquisition by the City of the Facilities and payment for Discrete Components thereof listed in Exhibits A and C hereto from monies in the Improvement Fund and is not intended to be a public works contract. Notwithstanding the foregoing, the Owner shall competitively bid and award all contracts for construction of the Facilities listed in Exhibits A and C hereto, as amended from time to time, and materials related thereto by means of a competitive bid process acceptable to the Director unless the same are Completed Facilities. At the Owner’s request, the Director shall review the Owner’s proposed bid process and either provide modifications or written acknowledgment that it is acceptable. The Owner shall endeavor to obtain at least three bids for such Facility or Discrete Component thereof by means of a bidding process acceptable to the Director. Bids for each Discrete Component shall be submitted in sealed envelopes to the Owner prior to the time and date prescribed for bid opening. The Owner shall open the bids immediately following the submittal deadline. The Director or his designee shall be present at all bid openings and may direct that all bids be submitted to him. Upon written request of the Director, the Owner shall provide an analysis of bids for construction and materials for the Facilities, constructed or to be constructed by or under the supervision of the Owner. The Owner shall award each bid to the lowest responsible bidder and shall require each contractor to provide for the payment of prevailing wages and maintain records with respect to such payment.

From time to time at the request of the Director, the Owner shall meet and confer with City staff, consultants and contractors regarding matters arising hereunder with respect to the Facilities, Discrete Components and the progress in constructing and acquiring the same, and as to any other matter related to the Facilities or this Acquisition Agreement. The Owner shall advise the Director in advance of any coordination and scheduling meetings to be held with contractors relating to the Facilities, in the ordinary course of performance of an individual contract. The Director or the Director’s designated representative shall have the right to be present at such meetings, and to meet and confer with individual contractors if deemed advisable by the Director to resolve disputes and/or ensure the proper completion of the Facilities.

**Section 3.4 Independent Contractor.** In performing this Acquisition Agreement, the Owner is an independent contractor and not the agent or employee of the City. The City shall not be responsible for making any payments to any contractor, subcontractor, agent, consultant, employee or supplier of the Owner.

**Section 3.5 Performance and Payment Bonds.** The Owner agrees to comply with all applicable performance and mechanics and materialmen bonding requirements of the City (and other applicable public entities and/or public utilities) with respect to the construction of the Facilities, as requested by the City.

**Section 3.6 Contracts and Change Orders.** The Owner shall be responsible for entering into all contracts and any supplemental agreements (commonly referred to as “change orders”) required for the construction of the Facilities including, but not limited to those listed in Exhibits A and C hereto, as amended from time to time, and all such contracts and change orders shall be submitted to the Director and subject to the Director’s advance written approval unless they are Completed Facilities. The Director’s prior written approval shall also be required for any contracts for DIF Improvements. Prior approval of change orders by the Director shall only be required for change orders relating to DIF Improvements or such change orders for other Facilities which in any way change the cost or materially alter the quality or character of the subject Facilities. The City expects that such contracts and change orders needing prior approval by the Director will be approved or denied (any such denial to be in writing, stating the reasons for denial and the actions, if any, that can be taken to obtain later approval) within ten (10) business days of receipt by the Director thereof.

**Section 3.7 Time for Completion.** The Owner agrees that this Acquisition Agreement is for the benefit of the City and the Owner and, therefore, the Owner represents that it shall use good faith efforts to complete the Facilities that are intended to be financed with the Net Proceeds of each series of Bonds and to have requested payment for such Facilities under this Acquisition Agreement within eighteen (18) calendar months from the date of the closing of the series of Bonds. Any failure to complete the Facilities within said time period shall not, however, in itself, constitute a breach by the Owner of the terms of this Acquisition Agreement provided that it obtains a written extension of time from the Director.

The Owner agrees to use its good faith efforts to complete all Facilities that are intended to be financed with the Net Proceeds of each series of Bonds within eighteen (18) calendar months from the date of closing of the Bonds. To the extent that Net Proceeds of a series of Bonds remains unexpended on the date which is thirty six (36) calendar months from the date of closing of the Bonds, the Director may direct that such unexpended amounts be applied to pay, redeem or defease Bonds under the Indenture.

**Section 3.8 Inspection.** No payment hereunder shall be made by the City to the Owner for a Facility or Discrete Component thereof until the Facility or Discrete Component thereof has been inspected and found to be completed in accordance with the Plans by the City or other applicable public entity or utility. However, due to the age of some of the Facilities it is understood that normal wear and tear and aging may have occurred which shall not be a basis for denial. The City shall make or cause to be made periodic site inspections of the Facilities or Discrete Components to be acquired hereunder on a timely basis; provided that in no event shall the City incur any liability for any delay in the inspection of any Facilities or Discrete Components. For Facilities to be acquired by other public entities or utilities, the Owner shall be responsible for obtaining such

inspections and providing written evidence thereof to the Director. The Owner agrees to pay all inspection, permit and other similar fees of the City applicable to construction of the Facilities.

**Section 3.9 Agreement to Sell and Acquire Facilities.** The Owner hereby agrees to sell the Facilities and Discrete Components listed in Exhibit A hereto to the City, and the City hereby agrees to use amounts in the Improvement Fund to pay the Purchase Price of each of such Facilities and Discrete Components to the Owner, subject to the terms and conditions hereof. The City shall not be obligated to acquire any Facility or Discrete Component until the Facility or Discrete Component is completed and the Acceptance Date for such Facility or Discrete Component has occurred; provided that the City has agreed hereunder to make payments to the Owner for certain Discrete Components of Facilities as shown in Exhibit A hereto. The Owner acknowledges that the Discrete Components have been identified for payment purposes only, and that the City shall not accept a Facility of which a Discrete Component is a part until the entire Facility has been completed. The City acknowledges that the Discrete Components do not have to be accepted by the City as a condition precedent to the payment of the Purchase Price therefor, but any such payment shall not be made until the Discrete Component has been completed in accordance with the Plans therefor, as determined by the Director. In any event, the City shall not be obligated to pay the Purchase Price for any Facility or Discrete Component except from the moneys in the Improvement Fund.

**Section 3.10 Payment Requests.** In order to receive the Purchase Price for a completed Facility or Discrete Component, inspection thereof under Section 3.1 shall have been made and the Owner shall deliver to the Director: (i) a Payment Request in the form of Exhibit D hereto for such Facility or Discrete Component, together with all attachments and exhibits required by Exhibit D and this Section 3.3 to be included therewith (including, but not limited to Attachments 1 and 2 to Exhibit D), and (ii) if payment is requested for a completed Facility, (a) if the property on which the Facility is located is not owned by the City at the time of the request, a copy of the recorded documents conveying to the City Acceptable Title to the real property on, in or over which such Facility is located, as described in Section 4.1 hereof, (b) to the extent paid for with the proceeds of the Bonds, an assignment to the District of any reimbursements that may be payable with respect to the Facility, such as public or private utility reimbursements, and (c) an assignment of warranties and guaranties for such Facility, as described in Section 4.5 hereof, in a form acceptable to the City.

Upon receipt of a Payment Request (and all accompanying documentation requested by the Director including, but not limited to, copies of applicable invoices, receipts, cancelled checks and lien releases), the Director shall conduct a review in order to confirm that such request is complete, that such Discrete Component or Facility identified therein was constructed in accordance with the Plans therefor, and to verify and approve the Actual Cost of such Discrete Component or Facility specified in such Payment Request provided that, with respect to DIF Improvements and other Facilities (but excluding Completed Facilities), it does not exceed the sum of the contracts and change orders previously approved in writing by the Director. The Director shall also conduct such review as is required in his discretion to confirm the matters certified in the Payment Request. The Owner agrees to cooperate with the Director in conducting each such review and to provide the Director with such additional information and documentation as is reasonably necessary for the Director to conclude each such review. For any Facilities to be acquired by another public entity or utility, the Owner shall provide evidence acceptable to the Director that such Facilities are acceptable to such entity or utility. Within fifteen (15) business days of receipt of any Payment Request, the Director expects to review the request for completeness and notify the Owner whether such Payment Request is complete, and, if not, what additional documentation must be provided. If such Payment



Request is complete, the Director expects to provide a written approval or denial (specifying the reason for any denial) of the request within thirty (30) calendar days of its submittal. However, the Facilities documentation will be delivered by Owner to City in large quantities which may be beyond the ability of City to process, in accordance with the forgoing timeframes. At the request of City or Owner, City may engage an outside contractor to review and process the Facilities documentation on behalf of the City the cost of which shall be borne by Owner subject to a written agreement executed by City and Owner. If a Payment Request seeking reimbursement for more than one Facility or Discrete Component is denied, the Director shall state whether the Payment Request is nevertheless approved and complete for any one or more Facilities or Discrete Components and any such Facilities or Discrete Components shall be processed for payment under Section 3.4 notwithstanding such partial denial. The City's and District's Costs associated with the acquisition of Facilities and processing of Payment Requests shall be reimbursed from the Improvement Fund or from amounts advanced by the Owner to the extent insufficient funds are on deposit in the Improvement Fund, which advances may be later reimbursed to the Owner out of the Improvement Fund.

**Section 3.11 Payment.** Upon approval of the Payment Request by the Director, the Director shall sign the Payment Request and forward the same to the City Director of Finance. Upon receipt of the reviewed and fully signed Payment Request, the City Director of Finance shall, within the then current City financial accounting payment cycle but in any event within fifteen (15) business days of receipt of the approved Payment Request, cause the same to be paid by the Trustee under the applicable provisions of the Indenture, to the extent of funds then on deposit in the Improvement Fund. Any approved Payment Request not paid due to an insufficiency of funds in the Improvement Fund, shall be paid promptly following the deposit into the Improvement Fund of proceeds of any investment earnings or other amounts transferred to the Improvement Fund under the terms of the Indenture.

The Purchase Price paid hereunder for any Facility or Discrete Component shall constitute payment in full for such Facility or Discrete Component, including, without limitation, payment for all labor, materials, equipment, tools and services used or incorporated in the work, supervision, administration, overhead, expenses and any and all other things required, furnished or incurred for completion of such Facility or Discrete Component, as specified in the Plans.

The City shall withhold payment for any Discrete Component or Facility constructed on land not already owned by the City or other public entity, until Acceptable Title to such land is conveyed to the City or other public entity that will own the respective Facility, as described in Article IV hereof.

The City shall be entitled to withhold any payment hereunder for a Facility or Discrete Component that is the subject of a Payment Request until it is satisfied that any and all claims for labor and materials have been paid by the Owner for the Facility or Discrete Component that is the subject of a Payment Request, or conditional lien releases (and/or unconditional lien releases) have been provided by the Owner for such Facility or Discrete Component. The City, in its discretion, may waive this limitation upon the provision by the Owner of sureties, undertakings, securities and/or bonds of the Owner or appropriate contractors or subcontractors and deemed satisfactory by the Director to assure payment of such claims.

The City shall be entitled to withhold payment for any Facility (or final Discrete Component) hereunder to be owned by the City until: (i) the Director determines that the Facility is ready for its intended use, and (ii) the Acceptance Date for the Facility has occurred and the requirements of

Section 4.1, if applicable to such Facility, have been satisfied. The City hereby agrees that the Owner shall have the right to post or cause the appropriate contractor or subcontractor to post a bond with the City to indemnify it for any losses sustained by the City because of any liens that may exist at the time of acceptance of such a Facility, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the Director. The City shall be entitled to withhold payment for any Facility (or the final Discrete Component of any such Facility) to be owned by other governmental entities, until the Owner provides the Director with evidence that the governmental entity has accepted dedication of and/or title to the Facility. If the Director determines that a Facility is not ready for intended use under (i) above, the Director shall so notify the Owner as soon as reasonably practicable in writing specifying the reason(s) therefor.

Nothing in this Acquisition Agreement shall be deemed to prohibit the Owner from contesting in good faith the validity or amount of any mechanics or materialman's lien nor limit the remedies available to the Owner with respect thereto so long as such delay in performance shall not subject the Facilities or any Discrete Component thereof to foreclosure, forfeiture or sale. In the event that any such lien is contested, the Owner shall only be required to post or cause the delivery of a bond in an amount equal to the amount in dispute with respect to any such contested lien sufficient to cause the release or such lien, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the Director.

Subject to the last paragraph of this Section 3.5, the City shall withhold in the Improvement Fund an amount equal to ten percent (10%) of the Purchase Price of each Discrete Component to be paid hereunder other than the final Discrete Component of any Facility. Any such retention will be released to the Owner upon final completion and acceptance of the related Facility.

Notwithstanding the foregoing, the Owner shall be entitled to payment of any such retention upon the completion and acceptance of a Discrete Component, if securities meeting the requirements of the California Public Contracts Code are deposited in lieu thereof. Payment of any retention shall also be contingent upon the availability of monies in the Improvement Fund therefore. No retention shall apply if the Owner proves to the Director's satisfaction that the Owner's contracts for the Discrete Components provide for the same retention as herein provided, so that the Purchase Price paid for the Discrete Component is at all times net of the required retention.

**Section 3.12 Restrictions on Payments.** Notwithstanding any other provisions of this Acquisition Agreement, the following restrictions shall apply to any payments made to the Owner:

(a) Amounts of Payments. Subject to the following paragraphs of Section 3.11, payments for each Discrete Component or Facility will be made only in the amount of the Purchase Price for the respective Discrete Component or Facility.

Nothing herein shall require the City in any event (i) to pay more than the Actual Cost of a Facility or Discrete Component, or (ii) to make any payment beyond the available funds in the Improvement Fund. The parties hereto acknowledge and agree that all payments to the Owner for the Purchase Prices of Facilities or Discrete Components are intended to be reimbursements to the Owner for monies already expended or for immediate payment by the Owner (or directly by the City) to third parties in respect of such Facilities and/or Discrete Components.

(b) Joint or Third Party Payments. The City may make any payment jointly to the Owner and any mortgagee or trust deed beneficiary, contractor or supplier of materials, as their interests may appear, or solely to any such third party, if the Owner requests the same in writing.

(c) Withholding Payments. The City shall be entitled, but shall not be required, to withhold any payment hereunder for a Discrete Component or a Facility if the Owner or any Affiliate is delinquent in the payment of ad valorem real property taxes, special assessments or taxes, or special taxes levied in the Improvement Area. In the event of any such delinquency, the City shall only make payments hereunder, should any be made at the City's sole discretion, directly to contractors or other third parties employed in connection with the construction of the Facilities or to any assignee of the Owner's interests in this Acquisition Agreement (and not to the Owner or any Affiliate), until such time as the Owner provides the Director with evidence that all such delinquent taxes and assessments have been paid.

**Section 3.13 Defective or Nonconforming Work.** If any of the work done or materials furnished for a Facility or Discrete Component are found by the Director to be defective or not in accordance with the applicable Plans: (i) and such finding is made prior to payment for the Purchase Price of such Facility or Discrete Component hereunder, the City may withhold payment therefor until such defect or nonconformance is corrected to the satisfaction of the Director, or (ii) and such finding is made after payment of the Purchase Price of such Facility or Discrete Component, the City and the Owner shall act in accordance with the City's standard specification for public works construction.

**Section 3.14 Restrictions on Payments.** Notwithstanding any other provisions of this Acquisition Agreement, the following restrictions shall apply to any payments made to the Owner:

(a) Amounts of Payments. Subject to the following paragraphs of this Section 3.8, payments for each Discrete Component or Facility will be made only in the amount of the Purchase Price for the respective Discrete Component or Facility.

Nothing herein shall require the City in any event (i) to pay more than the Actual Cost of a Facility or Discrete Component, or (ii) to make any payment beyond the available funds in the Improvement Fund. The parties hereto acknowledge and agree that all payments to the Owner for the Purchase Prices of Facilities or Discrete Components are intended to be reimbursements to the Owner for monies already expended or for immediate payment by the Owner (or directly by the City) to third parties in respect of such Facilities and/or Discrete Components

(b) Joint or Third Party Payments. The City may make any payment jointly to the Owner and any mortgagee or trust deed beneficiary, contractor or supplier of materials, as their interests may appear, or solely to any such third party, if the Owner requests the same in writing.

(c) Withholding Payments. The City shall be entitled, but shall not be required, to withhold any payment hereunder for a Discrete Component or a Facility if the Owner or any Affiliate is delinquent in the payment of ad valorem real property taxes, special assessments or taxes, or special taxes levied in the Improvement Area. In the event of any such delinquency, the City shall only make payments hereunder, should any be made at the City's sole discretion, directly to contractors or other third parties employed in connection with the construction of the Facilities or to any assignee of the Owner's interests in this Acquisition Agreement (and not to the Owner or any

Affiliate), until such time as the Owner provides the Director with evidence that all such delinquent taxes and assessments have been paid.

**ARTICLE IV  
OWNERSHIP AND TRANSFER OF FACILITIES**

**Section 4.1 Facilities to be Owned by the City; Conveyance of Land and Easements to City.** Acceptable Title to all property on, in or over which each Facility to be acquired by the City will be located, shall be deeded over to the City by way of grant deed, or dedication of such property, or easement thereon, if such conveyance of interest is approved by the City as being a sufficient interest therein to permit the City to properly own, operate and maintain such Facility located therein, thereon or thereover, and to permit the Owner to perform its obligations as set forth in this Acquisition Agreement. The Owner agrees to assist the City in obtaining such documents as are required to obtain Acceptable Title. Completion of the transfer of title to land shall be accomplished prior to the payment of the Purchase Price for a Facility (or the last Discrete Component thereof) and shall be evidenced by recordation of the acceptance thereof by the City Council or the designee thereof.

**Section 4.2 Facilities to be Owned by the City; Title Evidence.** The Owner shall furnish to the City a preliminary title report for land with respect to Facilities to be acquired by the City and not previously dedicated or otherwise conveyed to the City, for review and approval at least thirty (30) business days prior to the transfer of the Acceptable Title to a Facility to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the judgment of the City, could materially affect the City’s use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to the land with respect to such Facility or pay the Purchase Price for such Facility (or the last Discrete Component thereof) until the Owner has cured such objections to title to the reasonable satisfaction of the City and caused a standard title insurance policy to be issued to the City with respect to such land in the amount of the Purchase Price. In the event the Owner cannot cure such objections to title, City agrees to consider the use of eminent domain pursuant to Section 4.3 hereof for such purpose.

**Section 4.3 Facilities Constructed on Private Lands.** If any Facilities to be acquired are located on privately-owned land, the owner thereof shall retain title to the land and the completed Facilities until acquisition of the Facilities under Article III hereof. Pending the completion of such transfer, the Owner shall not be entitled to receive any payment for any such Facility or the last Discrete Component thereof. The Owner shall, however, be entitled to receive payment for Discrete Components (other than the last Discrete Component) upon making an irrevocable offer of dedication of such land in form and substance acceptable to the Director. Notwithstanding the foregoing, upon written request of the City before payment for any Discrete Component of such a Facility, the Owner shall convey or cause to be conveyed Acceptable Title thereto in the manner described in Sections 4.1 and 4.2 hereof.

It shall be the responsibility of the Owner to acquire all property rights on property which is not owned by the City or the Owner which is necessary for the construction of any of the Facilities, if any. In the event, despite its exercise of best efforts to do so, the Owner is unable to acquire such property rights, the City shall in good faith consider the undertaking of proceedings to acquire such property rights through its exercise of the power of eminent domain, and the costs of such

proceedings and acquisition shall be the responsibility of the Owner and shall comprise part of the Purchase Price of the related Facility.

**Section 4.4 Facilities Constructed on City Land.** If the Facilities to be acquired are on land owned by the City, including land as to which the City has acquired sufficient property rights in the manner described in Section 4.3 or otherwise, the City hereby grants to the Owner a license to enter upon such land for purposes related to the construction (and maintenance pending acquisition) of the Facilities. The provisions for inspection and acceptance of such Facilities otherwise provided herein shall apply.

**Section 4.5 Maintenance and Warranties.** The Owner shall maintain or cause to be maintained each Discrete Component in good and safe condition until the Acceptance Date of the Facility of which such Discrete Component is a part. Prior to the Acceptance Date, the Owner shall be responsible for performing any required maintenance on any completed Discrete Component or Facility. On or before the Acceptance Date of the Facility, the Owner shall assign to the City all of the Owner's rights in any warranties, guarantees, maintenance obligations or other evidence of contingent obligations of third persons with respect to such Facility. For each Facility to be owned by the City, the Owner shall provide a warranty bond reasonably acceptable in form and substance to the Director to remain in effect for a period of one year from the date of acceptance of each Facility. The City shall be responsible for maintenance of each Facility from and after the Acceptance Date thereof, except that with respect to landscaping improvements, the Owner shall maintain or cause to be maintained such landscape improvements for a period of one year following the Acceptance Date thereof or shall provide a bond reasonably acceptable in form and substance to the Director for such period and for such purpose (for landscaping improvements only, and for the posting of a warranty bond to remain in effect for one year as to other Facilities), to insure that defects, which appear within said period will be repaired, replaced, or corrected by the Owner, at its own cost and expense, to the satisfaction of the Director. The Owner shall commence to repair, replace or correct any such defects within thirty (30) days after written notice thereof by the City to the Owner, and shall complete such repairs, replacement or correction as soon as practicable. Any warranties, guarantees or other evidences of contingent obligations of third persons with respect to the Facilities to be acquired by the City shall be delivered to the Director as part of the transfer of title.

**ARTICLE V  
INSURANCE**

**Section 5.1 Insurance Requirements.** The Owner shall, at all times prior to the final Acceptance Date of all Facilities, maintain and deliver to the City evidence of and keep in full force and effect, not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policies satisfactory to the Director: (i) Workers Compensation and Employer's Liability - Workers' Compensation - coverage as required by law; Employer's Liability - limits of at least \$1,000,000.00 per occurrence; (ii) Comprehensive General Liability - Combined Single Limit - \$2,000,000.00; (iii) Automobile Liability - Combined Single Limit - \$1,000,000.00; and (iv) Errors and Omissions Insurance - Combined Single Limit - \$2,000,000.00.

All of the Owner's insurance policies shall contain an endorsement providing that written notice shall be given to the City at least 30 calendar days prior to termination or cancellation of coverage of the policy.

The Comprehensive General Liability and Bodily Injury and Property Damage Liability policies shall contain the following:

(a) An endorsement extending coverage to the City and its agents as an additional insured, as respects liabilities arising out of the performance of any work related to the Facilities. Which insurance shall be primary insurance as respects the interest of the City, and any other insurance maintained by the City shall be excess and not contributing insurance with the insurance required hereunder.

(b) Severability of interest clause.

(c) Provision or endorsement stating that such insurance, subject to all of its other terms and conditions, applies to contractual liability assumed by the Owner.

Promptly on execution of this Acquisition Agreement by the Owner, the Owner shall deliver to the Director copies of all required certificates of insurance and endorsements thereto on forms which are acceptable to the Director and the City Attorney.

The Owner shall require and verify similar insurance on the part of its contractors and subcontractors.

The foregoing requirements as to the types, limits and City approval of insurance coverage to be maintained by the Owner are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by the Owner under this Acquisition Agreement.

Any policy or policies of insurance that the Owner or its contractors or subcontractors elect to carry as insurance (i) against loss or damage to their construction equipment and tools or other personal property used in fulfillment of this Acquisition Agreement or a contract related to the Facilities shall include a provision waiving the insurer’s right of subrogation against the City, and (ii) in fulfillment of this Acquisition Agreement involving a dual obligee bond may contain a clause to the effect that: “provided that Principal and Surety shall not be liable to the Obligees or any of them unless the Obligees or any of them have performed the obligations to the Principal in accordance with the terms of said contract; and provided, further, that Principal and Surety shall not be liable to all Obligees in the aggregate in excess of the penal sum above stated.”

**Section 5.2 Standards Applicable.** The Owner may effect such coverage under blanket insurance policies, provided, however, that (i) such policies are written on a per occurrence basis, (ii) such policies comply in all other respects with the provisions of Section 5.1, and (iii) the protection afforded the City under any such policy shall be no less than that which would be available under a separate, policy relating only to this Acquisition Agreement. All policies of insurance shall be with companies licensed or approved by the State of California Insurance Commissioner and rated (i) A or better with respect to primary levels of coverage, and (ii) B+12 or better with respect to excess levels of coverage, in the most recent edition of Best’s Insurance Guide and shall be issued and delivered in accordance with State law and regulations.

**Section 5.3 Evidence of Insurance.** Prior to the Acceptance Date, the Owner shall furnish to the City, from time to time upon request of the Director, a certificate of insurance regarding each insurance policy required to be maintained by the Owner hereunder.

**ARTICLE VI**  
**DIFS**

**Section 6.1 Reimbursement of DIFs and Advances.** As provided in the Settlement Agreement, the Owner may submit to the City from time to time a Payment Request in the form attached hereto as Exhibit D-1 for reimbursement from the Improvement Fund of any DIFs or Advances previously paid to the City. In the event that the amount in the Improvement Fund is less than the total amount of such DIFs or Advances previously paid to the City and requested for reimbursement in a Payment Request, the unpaid amount shall be reimbursed to the Owner when, and if, additional funds are subsequently deposited in the Improvement Fund and designated to construct the facilities authorized to be financed with such DIFs or Advances in an amount equal to or greater than such unpaid amount of the Payment Request. Payment Requests for reimbursement for which moneys on deposit in the Improvement Fund are a prerequisite shall be provided to the City not more than ninety (90) days following issuance of the last series of Bonds issued by the District.

**Section 6.2 Disbursement to the City.** Upon receipt of a Disbursement Request in the form attached hereto as Exhibit D-2 (a “Disbursement Request”), the City may withdraw from the Improvement Fund the amount specified in such Disbursement Request to pay for DIF Improvements in lieu of payment by the Owner of all or a portion of the DIFs or Advances which are then estimated to be due and payable by Owner. Each time Owner makes an Advance, the City shall provide to Owner a credit against the DIFs equal to the amount of the money advanced.

**Section 6.3 DIF Credits.** Pursuant to the Settlement Agreement, the Owner shall be entitled to a credit against all DIFs based upon the Actual Costs incurred by the Owner for DIF Improvements it constructs and for Advances made to the City for DIF Improvements the City constructs in accordance with the DIF Improvements Schedule. The credit shall be calculated on a per equivalent dwelling unit (“EDU”) basis by dividing the total amount of such Actual Costs incurred and/or Advance paid by the Owner by the total amount of the DIFs per EDU. The result of such calculation shall be a total number of EDUs for which all DIFs are deemed satisfied. In addition, some of the Facilities identified in Exhibit A, in addition to the DIF Improvements specified in the DIF Improvements Schedule, may be in the City DIF program. Owner shall be entitled to full credit, in an amount not to exceed the estimated cost of such Facility in the applicable nexus study, against the applicable DIF for the Owner's construction of such Facility whether or not the Purchase Price of such Facility is funded out of the Improvement Fund provided that the Facility is constructed under the procedures in Article III. If Owner receives a credit against a DIF as the result of Owner's construction of any DIF Improvement or Facility, Owner shall only be entitled to obtain a further credit pursuant to the terms of this Acquisition Agreement of Owner's remaining obligation for such DIF, net of such credit amount.

**ARTICLE VII**  
**REPRESENTATIONS, WARRANTIES AND COVENANTS**

**Section 7.1 Representations, Covenants and Warranties of the Owner.** The Owner represents and warrants for the benefit of the City, as follows:

(a) Organization. Owner is a California corporation and is validly doing business and in good standing in the State of California, is in compliance with all applicable laws of the State,

and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) Authority. The Owner has the power and authority to enter into this Acquisition Agreement, and has taken all action necessary to cause this Acquisition Agreement to be executed and delivered, and this Acquisition Agreement has been duly and validly executed and delivered by the Owner.

(c) Binding Obligation. This Acquisition Agreement is a legal, valid and binding obligation of the Owner, enforceable against the Owner in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Laws. The Owner shall not with knowledge commit, suffer or permit any act to be done in, upon or to the lands of the Owner in the Improvement Area or the Facilities in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the Improvement Area or the Facilities.

(e) Requests for Payment. The Owner represents and warrants that (i) it will not request payment from the City for the acquisition of any improvements that are not part of the Facilities, and (ii) it will diligently follow all procedures set forth in this Acquisition Agreement with respect to the Payment Requests.

(f) Financial Records. Until the final acceptance of the Facilities, the Owner covenants to maintain proper books of record and account for the construction of the Facilities and all costs related thereto, which accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agent at any reasonable time during regular business hours on reasonable notice.

(g) Prevailing Wages. The Owner covenants that, with respect to any contracts or subcontracts for the construction of the Facilities to be acquired from the Owner hereunder, it has assured complete compliance with any applicable law or regulation for the payment of prevailing wages for such construction.

(h) Plans. The Owner represents that it has obtained or will obtain approval of the Plans for the Facilities to be acquired from the Owner hereunder from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Owner further agrees that the Facilities to be acquired from the Owner hereunder have been or will be constructed in full compliance with such approved plans and specifications and any supplemental agreements (change orders) thereto, as approved in the same manner.

**Section 7.2 Indemnification and Hold Harmless.** The Owner shall assume the defense of, indemnify and save harmless the City, members of the City Council, their officers, officials, employees and agents and each of them, from and against all actions, damages, claims, losses or expense of every type and description to which they may be subjected or put, by reason of, or resulting from the breach of any provision of this Acquisition Agreement by the Owner, the Owner's or any other entity's negligent design, engineering and/or construction of any of the Facilities acquired from the Owner hereunder, the Owner's non-payment under contracts between the Owner and its consultants, engineer's, advisors, contractors, subcontractors and suppliers in the provision of



the Facilities, any claims of persons employed by the Owner or its agents to construct the Facilities, claims for damages to persons or property related to the actions of Owner contemplated by this Acquisition Agreement or any claims arising out of any alleged misstatement of a material fact or omission of a material fact with respect to provisions in any Official Statement for the Bonds for which the Owner certifies in a customary certificate executed in connection with the printing of the Official Statement for such Bonds. Notwithstanding the foregoing, no indemnification is given hereunder for any action, damage, claim, loss or expense directly attributable solely to the intentional acts or negligence of the City, or its officers, directors, employees or agents hereunder.

No provision of this Acquisition Agreement shall in any way limit the Owner’s responsibility for payment of damages resulting from the operations of the Owner, its agents, employees or its contractors.

**ARTICLE VIII  
TERMINATION**

**Section 8.1 Mutual Consent.** This Acquisition Agreement may be terminated by the mutual, written consent of the City and the Owner, in which event the City may let contracts for any remaining work related to the Facilities not theretofore acquired from the Owner hereunder, and use all or any portion of the monies in the Improvement Fund to pay for same, and the Owner shall have no claim or right to any further credits against the amount of DIFs payable by the Owner or the Purchase Price of Facilities or Discrete Components hereunder, except as otherwise may be provided in such written consent. In any event, this Acquisition Agreement shall terminate upon the earlier of (i) ten (10) years following the issuance of building permits for all dwelling units expected to be built within the Improvement Area, (ii) the funding of all Facilities pursuant to this Acquisition Agreement, or (iii) December 31, 2030. Notwithstanding the foregoing, this Acquisition Agreement shall not terminate pursuant to (iii) of the previous sentence if, on December 31, 2030, all of the building permits within the Improvement Area have been pulled, construction within the Improvement Area, as contemplated by the parties hereto, is ongoing, and bonds have not been issued to reimburse the Owner for completed Facilities.

**Section 8.2 City Election to Terminate for Cause.** The following events shall constitute grounds for the City, at its option and in its sole discretion, to terminate this Acquisition Agreement, without the consent of the Owner:

(a) The Owner shall voluntarily file for reorganization or other relief under any Federal or State bankruptcy or insolvency law.

(b) The Owner shall have any involuntary bankruptcy or insolvency action filed against it, or shall suffer a trustee in bankruptcy or insolvency or receiver to take possession of the assets of Owner, or shall suffer an attachment or levy of execution to be made against the property it owns within the Improvement Area unless, in any of such cases, such circumstance shall have been terminated or released within ninety (90) days thereafter.

(c) The Owner shall abandon construction of the Facilities. Failure for a period of six consecutive months to undertake substantial work related to the construction of Facilities that are required to be constructed at that time pursuant to the Conditions of Approval or DIF

Improvements Schedule, other than for a reason specified in Section 7.3 hereof, shall constitute a non-inclusive example of such abandonment.

(d) The Owner shall breach any material covenant or default in the performance of any material obligation hereunder.

(e) The Owner shall transfer any of its rights or obligations under this Acquisition Agreement without the prior written consent of the City or as otherwise permitted hereunder.

(f) The Owner shall have made any material misrepresentation or omission of any written materials furnished in connection with any preliminary official statement, official statement or bond purchase contract used in connection with the sale of any series of the Bonds.

If any such event occurs, the City shall give written notice of its knowledge thereof to the Owner, and the Owner agrees to meet and confer with the Director and other appropriate City staff and consultants as to options available to assure timely completion of the Facilities. Such options may include, but not be limited to the termination of this Acquisition Agreement by the City. If the City elects to terminate this Acquisition Agreement, the City shall first notify the Owner (and any mortgagee or trust deed beneficiary specified in writing by the Owner to the City to receive such notice) of the grounds for such termination and allow the Owner a reasonable period (minimum of thirty (30) days) to eliminate or mitigate to the satisfaction of the Director the grounds for such termination. Such period may be extended, at the sole discretion of the City, if the Owner, to the satisfaction of the City, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof, as determined solely by the City), the Owner has not eliminated or completely mitigated such grounds, to the satisfaction of the City, the City may then terminate this Acquisition Agreement.

Notwithstanding the foregoing, so long as any event listed in any of clauses (a) through and including (f) above has occurred, notice of which has been given by the City to the Owner, and such event has not been cured or otherwise eliminated by the Owner, the City may in its sole discretion cease making payments for the Purchase Price of Facilities or Discrete Components under Article V hereof.

**Section 8.3 Force Majeure.** Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes, inclement weather or other acts of God, war, civil commotion, riots, strikes, acts of terrorism, picketing, other labor disputes, damage to work in progress by casualty, government shutdowns, moratoria or other restrictive laws or regulations, or the acts, omissions or breach of agreement by the other party to this Acquisition Agreement or its agents, contractors or subcontractors, or by other cause beyond the reasonable control of the party (financial inability excepted), then the specified time for performance shall be extended by the amount of the delay actually so caused.

**ARTICLE IX  
MISCELLANEOUS**

**Section 9.1 Limited Liability of City.** The Owner agrees that any and all obligations of the City arising out of or related to this Acquisition Agreement are special and limited obligations of the District and City and the City’s obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Improvement Fund and from no other source. No member of the City Council, or City staff member, employee or agent shall incur any liability hereunder to the Owner or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

**Section 9.2 Excess Costs.** Subject to the limitations of this Acquisition Agreement, the Owner agrees to pay all costs of the Facilities that it is obligated to construct in excess of the monies available therefor in the Improvement Fund.

**Section 9.3 Review of Records.** The Director and/or the Finance Manager or other finance officer of the City shall have the right, during normal business hours and upon the giving of two (2) business days prior written notice to the Owner, to review all books and records of the Owner pertaining to the Actual Cost incurred by the Owner in to any of the Facilities, and any bids taken or received for the construction thereof or materials therefor. Owner shall have the right, during normal business hours and upon the giving of two (2) business days’ prior written notice to the Finance Manager, to review all books and records of the City and District pertaining to the Special Taxes and Bonds and applicable development impact fees.

**Section 9.4 Attorney’s Fees.** In the event that any action or suit is instituted by either party against the other arising out of this Acquisition Agreement, the party in whose favor final judgment shall be entered shall be entitled to recover from the other party all costs and expenses of suit, including reasonable attorneys’ fees.

**Section 9.5 Notices.** Any notice, payment or instrument required or permitted by this Acquisition Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered, or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by overnight delivery an original of the same within twenty-four hours after such transmission), addressed as follows:

City and District: City of Beaumont  
550 East 6<sup>th</sup> Street  
Beaumont, CA 92223  
Attention: City Manager, City Clerk

With a copy to: John Pinkney, Esq.  
Slovak Baron Empey Murphy & Pinkney, LLP  
1800 East Tahquitz Canyon Way  
Palm Springs, CA 92262

Owner: Pardee Homes  
1250 Corona Pointe Court, Suite 600  
Corona, CA 92879  
Attention: Mike Taylor, Jeff Chambers

With a copy to: John P. Yeager, Esq.  
O’Neil LLP  
19900 MacArthur Boulevard, Suite 1050  
Irvine, CA 92612

Each party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

**Section 9.6 Severability.** If any part of this Acquisition Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Acquisition Agreement shall be given effect to the fullest extent possible.

**Section 9.7 Successors and Assigns.** This Acquisition Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Acquisition Agreement shall not be assigned by the Owner, except in whole to an Affiliate, or to any other entity of which the Owner and/or its members or partners will be managing members or general partners which assume all of the Owner’s obligations hereunder (which transfer is expressly authorized hereunder, upon notice to the City without further act of the City), without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed. In connection with any required consent of the City, the City may condition its consent upon the acceptability of the financial condition of the proposed assignee, the assignee’s express assumption of all obligations of the Owner hereunder, and/or upon any other factor which the City deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned, and shall not be effective until approved by the City. Without the City’s written consent, no assignment shall release the Owner from its obligations and liabilities under this Acquisition Agreement.

**Section 9.8 Other Agreements.** The obligations of the Owner hereunder shall be those of a party hereto and not as an owner of property in the Improvement Area. Nothing herein shall be construed as affecting the City’s or the Owner’s rights, or duties to perform their respective obligations, under other agreements, if any, use regulations or subdivision requirements relating to the development of the lands in the Improvement Area. This Acquisition Agreement shall not confer any additional rights, or waive any rights given, by either party hereto under any development or other agreement to which they are a party.

**Section 9.9 Waiver.** Failure by a party to insist upon the strict performance of any of the provisions of this Acquisition Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party’s right to insist and demand strict compliance by the other party with the terms of this Acquisition Agreement thereafter.

**Section 9.10 Agreements in Writing.** No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Acquisition Agreement shall be binding.

**Section 9.11 Parties in Interest.** Nothing in this Acquisition Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City, the District and the Owner any rights, remedies or claims under or by reason of this Acquisition Agreement or any covenants, conditions or stipulations hereof; and all covenants, conditions, promises, and agreements in this Acquisition Agreement contained by or on behalf of the City, the District or the Owner shall be for the sole and exclusive benefit of the City, the District and the Owner.

**Section 9.12 Amendment.** This Acquisition Agreement may be amended, from time to time, by written Supplement hereto and executed by the City, the District and the Owner; provided, further, that Exhibit A may be modified to add additional authorized facilities or make adjustments to the existing Facilities only with the written approval of the City Council and the Owner.

**Section 9.13 Counterparts.** This Acquisition Agreement may be executed in counterparts, each of which shall be deemed an original.

**Section 9.14 Termination.** This Acquisition Agreement shall terminate and be of no further force pursuant to Section 8.1 hereof, unless extended by agreement of all the parties. If the Acquisition Agreement is terminated as provided herein, none of the City, the District or the Owner shall have any further responsibility or liability pursuant to this Acquisition Agreement. Upon the termination of this Agreement, the City shall direct the use of any remaining Bond or Special Tax proceeds to complete any remaining authorized facilities, redeem Bonds or use in any way permitted by the Act.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties have executed this Acquisition Agreement as of the day and year first-above written.

CITY OF BEAUMONT

By: \_\_\_\_\_  
Todd Parton  
City Manager

ATTESTED:

\_\_\_\_\_  
City Clerk

CITY OF BEAUMONT COMMUNITY FACILITIES  
DISTRICT NO. 93-1

By: \_\_\_\_\_  
Todd Parton  
City Manager of the City of Beaumont

ATTESTED:

\_\_\_\_\_  
City Clerk

*[SIGNATURE PAGE CONTINUED.]*

PARDEE HOMES,  
a California corporation

By: \_\_\_\_\_  
Mike Taylor  
Division President

**ACQUISITION AGREEMENT  
(CFD NO. 93-1 IMPROVEMENT AREA NO. 8F)**

**EXHIBIT A**

**DESCRIPTION OF FACILITIES AND DISCRETE COMPONENTS ELIGIBLE FOR  
ACQUISITION FROM THE OWNER**

Landscaping and related improvements within right-of-way along Starlight Drive, Cougar Avenue and Highland Springs Avenue.



ACQUISITION AGREEMENT  
(CFD NO. 93-1 IMPROVEMENT AREA NO. 8F)

EXHIBIT B

DIFs

	<b>(Fee Amount per EDU as of January 1, 2020)<sup>1</sup></b>
Traffic Signal	\$274.17
RR Crossing	\$294.64
Fire Station	\$584.74
Local Road Impact	\$2,496.20
TUMF <sup>2</sup>	\$9,146.00
Sewer Capacity	\$5,468.58
Recycled Water	\$786.64
Recreation Facilities	\$735.70
Public Facilities	\$430.45
Police	\$504.90
Emer. Preparedness	\$729.63
Upper Potrero Sewer	\$251.66
Southern Trunk Main	\$90.15
<b>Total per EDU:</b>	<b>\$21,793.50</b>

<sup>1</sup> Each single-family detached dwelling unit equals one (1) EDU. These amounts shall adjust as the DIFs are adjusted by the City or new DIFs are adopted by the City. Nothing in this Acquisition Agreement will restrict the City's ability to adopt, revise, amend or create new DIFs at any time now or in the future and the same shall be applicable to the Property as adopted. The amounts listed are for those DIFs provided for as of June 1, 2019. Some DIFs contain a 1% administrative fee.

<sup>2</sup> Per TUMF Credit Agreements, the TUMF fee is determined at the time that the developer applies for a building permit. As a result, certain TUMF fees may be lower than the amount set forth above.

**ACQUISITION AGREEMENT  
(CFD NO. 93-1 IMPROVEMENT AREA NO. 8F)**

**EXHIBIT C**

**DIF IMPROVEMENTS SCHEDULE**

<i>DIF Facility</i>	<i>Constructing Party</i>	<i>Construction/ Advance Schedule<sup>(4)</sup></i>	<i>Estimated Cost/Advance Amount<sup>(1)</sup></i>
1. Sewage Treatment Plant Expansion	City	2017	\$ 4,191,833
		2018	1,282,424
		2019	1,519,702
		2020	551,693
2. Cherry Avenue Street Paving	Pardee	2017	497,831
3. Oak Valley/I-10 Interchange <sup>(2)</sup>	City	2018	200,000
		2019	2,556,232
		2020	3,000,000
4. Traffic Signals	City	2017	50,000
		2018	247,240
5. Westside Fire Station	City	2018	618,240
6. Pennsylvania Grade Separation	City	2018	319,430
7. Pennsylvania Ave/2 <sup>nd</sup> Street <sup>(2)</sup>	City/Pardee	2018	3,000,000
		2019	1,500,000
8. Park Improvements at City Hall and other parks	City	2019	1,000,000
		2020	2,316,814
		2021	2,643,000
9. Potrero Overpass/Interchange <sup>(2)</sup>	City	2018	<u>1,694,743</u>
		<b>TOTAL</b>	<b><u>\$ 27,189,182</u></b>

<sup>(1)</sup> These amounts are based upon the total DIF obligation for DUs for which building permits are expected to be issued within CFD No. 93-1, Improvement Areas 8E, 8F and 17D and CFD Nos. 2016-2 and 2016-3 from January 1, 2018 through buildout of Sundance and Tournament Hills. The unpaid amounts may be adjusted based upon changes in the amount of the DIFs and changes in the expected or actual DUs.

<sup>(2)</sup> Improvements in TUMF Program.

<sup>(3)</sup> This schedule may be modified with the written consent of the City Council and Owner.

<sup>(4)</sup> Advances of funds by Pardee for DIF Improvements to be constructed by the City shall be made within thirty (30) days following the City's written request.

**ACQUISITION AGREEMENT**

**EXHIBIT D**

**FORM OF PAYMENT REQUEST (FACILITIES)**

**PAYMENT REQUEST NO. \_\_\_\_**

The undersigned (the “Owner”), hereby requests payment to the Payees listed on Attachment 2 in the total amount of \$\_\_\_\_\_ for the Facilities (as defined in the Acquisition Agreement, dated as of May 1, 2020 by and among the City of Beaumont (the “City”), the City of Beaumont Community Facilities District No. 93-1 and the Owner), or Discrete Components thereof (as described in Exhibit A to that Acquisition Agreement), all as more fully described in Attachment 1 hereto. In connection with this Payment Request, the undersigned hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized officer of the Owner, qualified to execute this Payment Request for payment on behalf of the Owner and is knowledgeable as to the matters set forth herein.
2. All costs of the Facilities or Discrete Components thereof for which payment is requested hereby are Actual Costs (as defined in the Acquisition Agreement referenced above) and have not been inflated or misrepresented in any respect. The items for which payment is requested have not been the subject of any prior payment request submitted to the City.
3. Supporting documentation (such as third party invoices) is attached with respect to each cost for which payment is requested.
4. There has been full compliance with applicable laws relating to prevailing wages for the work to construct the Facilities or Discrete Components thereof for which payment is requested.
5. The Facilities or Discrete Components thereof for which payment is requested were constructed in accordance with all applicable City or other governmental standards, and in accordance with Plans approved by the City.
6. The Owner is in compliance with the terms and provisions of the Acquisition Agreement.
7. The Purchase Price for each Facility or Discrete Component (a detailed calculation of which is shown in Attachment 2 hereto for each such Facility or Discrete Component), has been calculated in conformance with the terms of the Acquisition Agreement.

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

Dated: \_\_\_\_\_

OWNER:  
PARDEE HOMES,  
a California corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

CITY:

Payment Request Approved for Submission to  
Finance Manager

By: \_\_\_\_\_

Director of Public Works

**ACQUISITION AGREEMENT**

**ATTACHMENT 1**

**EXHIBIT D**

[List here all Facilities or Discrete Components thereafter which payment is requested, and attach support documentation.]

**ACQUISITION AGREEMENT**

**ATTACHMENT 2**

**EXHIBIT D**

**CALCULATION OF PURCHASE PRICE**

[Use a separate sheet for each Facility or Discrete Component for which payment is being requested]

- 1. Description (by reference to Exhibit A to the Acquisition Agreement) of the Facility or Discrete Component \$
- 2. Actual Cost (list here total of supporting invoices and/or other documentation supporting determination of Actual Cost): \$
- 3. Subtractions from Purchase Price: \$
  - A. Holdback for Lien releases (if any, see Section 3.4 of the Acquisition Agreement) \$
  - B. Retention (if any, see Section 3.4 of the Acquisition Agreement) \$
- 4. Total disbursement requested (Amount listed in 2, less amounts, if any, listed in 3) \$

Payment shall be directed to following payee(s): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

**OWNER:**

\_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CITY:**

Payment Request Approved for Submission to Finance Manager

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Director of Public Works

**ACQUISITION AGREEMENT**

**EXHIBIT D-1**

**FORM OF PAYMENT REQUEST (DIF/ADVANCE REIMBURSEMENTS)**

1. The undersigned (the “Owner”) hereby requests reimbursement from the City in the amount of \$\_\_\_\_\_ (“Requested Amount”), which amount has previously been paid to the City for DIFs or as an Advance (as defined in the Acquisition Agreement (the “Acquisition Agreement”), dated as of May 1, 2020 relating to Improvement Area No. 8F of the City of Beaumont Community Facilities District No. 93-1 specified below:

2. The Requested Amount has been paid to the City and has not formed the basis of any prior request or reimbursement.

3. The Owner is in compliance with the terms and provisions of the Acquisition Agreement.

4. Neither the Owner nor any Affiliate (as defined in the Acquisition Agreement) is in default in the payment of ad valorem real property taxes or assessments of special assessments or taxes levied in the Improvement Area (as defined in the Acquisition Agreement).



I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

**OWNER:**

\_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CITY:**

Payment Request Approved for Submission to Finance Manager

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Director of Public Works

**ACQUISITION AGREEMENT**

**EXHIBIT D-1**

**FORM OF DISBURSEMENT REQUEST (DIFS/ADVANCES)**

1. The City of Beaumont Community Facilities District No. 93-1 (the "CFD") is hereby requested to disburse from the Improvement Fund, or any applicable account or subaccount thereof, the sum set forth below:

\$ \_\_\_\_\_ (the "Requested Amount")

2. The Requested Amount may be disbursed to the City or its designee to finance facilities authorized to be financed with the DIFs in the aggregate amount of\$ \_\_\_\_\_ with the credit for the DIFs to be provided with respect to any development within the City.

3. The Requested Amount is due and payable and has not formed the basis of any prior request or disbursement.

4. The Requested Amount is authorized and payable pursuant to the terms of that certain Acquisition Agreement dated as of May 1, 2020 relating to Improvement Area No. 8F of the CFD.

**OWNER:**

\_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACQUISITION AGREEMENT**

**EXHIBIT E**

**CITY CFD POLICIES**



# Staff Report

**TO:** Mayor, and City Council Members  
**FROM:** Elizabeth Gibbs, Community Services Director  
**DATE** May 19, 2020  
**SUBJECT: Phase I Findings of the Comprehensive Operations Analysis**

### Background and Analysis:

In October 2019, City Council awarded a contract to Moore & Associates, Inc. (M&A) to perform a Comprehensive Operations Analysis (COA) of the City’s public transit fixed routes, commuter routes, and paratransit services. The scope of services included three phases with the first phase being data collection and analysis.

Some of the key findings from the data collection are summarized below:

#### Boardings and Alightings by Route and by Stop

Route 2 – The three most active stops on this route are Walmart, Cougar Way/Beaumont, and Casino Morongo;

Route 3 – The three most active stops are Beaumont High School, Walmart, and the Chatigny Recreation Center;

Route 4 - The three most active stops are Walmart, Beaumont Sports Park, and Three Rings Ranch Park;

Route 4A – The most active stop on this route is Beaumont High School;

Route 3/4 Saturday – The two most active stops are Walmart and Beaumont Civic Center;

Route 3/4 Sunday – The two most active stops are Walmart and San Gorgonio Hospital;

Route 7 – The highest ridership stops in both the morning and afternoon loops are Beaumont High School and Cougar Way/Beaumont, which services Mt. View Middle School;

Route 9 – The highest ridership stop in both the morning and afternoon loops is Beaumont High School;

Commuterlink 120 – The two most active stops are the San Bernardino Transit Center and Walmart;

Commuterlink 125 – The two most active stops are Walmart and Barton Rd/Mt. View, which is a connection point with OmniTrans;

Transfer Analysis

Beaumont Route to Beaumont Route – 42% of all transfers from within the Beaumont system are transferring from the Commuterlink 120;

Beaumont Route to Another Agency – 45% of Beaumont passengers are transferring to Banning routes, with the highest transfers occurring from Routes 2 and 4. Additionally, 50% of Commuterlink 120 passengers are transferring to Metrolink;

On-time Performance

Beaumont Transit system’s on-time performance is 57.1%. Local fixed route service had an on-time performance of 61.1%, with school trippers (Routes 7 and 9) performing at 37.5% on-time. The two commuterlink routes operated on-time at 46%; and

Survey Collection Results

A total of 427 surveys were received and reviewed, the majority of which were received from fixed route passengers. A high number of respondents were received directly from a link sent to households with school-aged children.

Overall Preliminary Findings

After reviewing and analyzing the collected data and surveys, several preliminary findings were evident, including:

Beaumont residents’ mobility has been negatively impacted by the new interagency agreement with Banning; on-time performance needs improvement; more frequent service is necessary; later service is needed during weekdays; riders would like improvements to bus stops; and some neighborhoods lack transit service.

Summary

Due to COVID-19, M&A is unable to present their findings in person, however, they have prepared a PowerPoint presentation summarizing their findings from Phase I (Attachment A) and staff will present at the council meeting.

**Fiscal Impact:**

No fiscal impact.

**Recommended Action:**

Receive and file.

**Attachments:**

A. PowerPoint Presentation

# Beaumont Transit Comprehensive Operations Analysis

MAY 19, 2020



## Project Overview

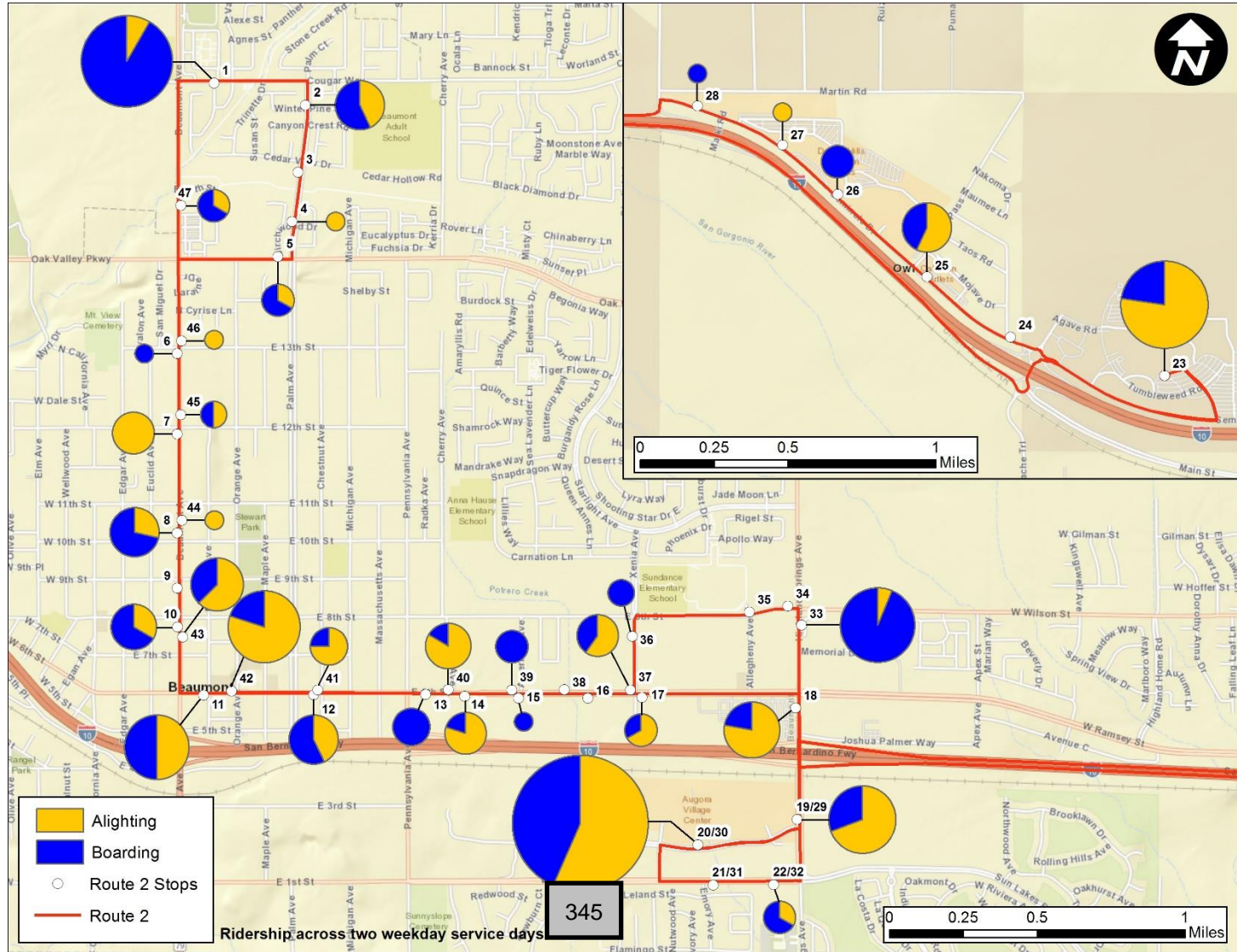
- ▶ Comprehensive and objective evaluation of Beaumont's transit program
- ▶ Identify opportunities for program/service enhancement
- ▶ Five-year planning horizon



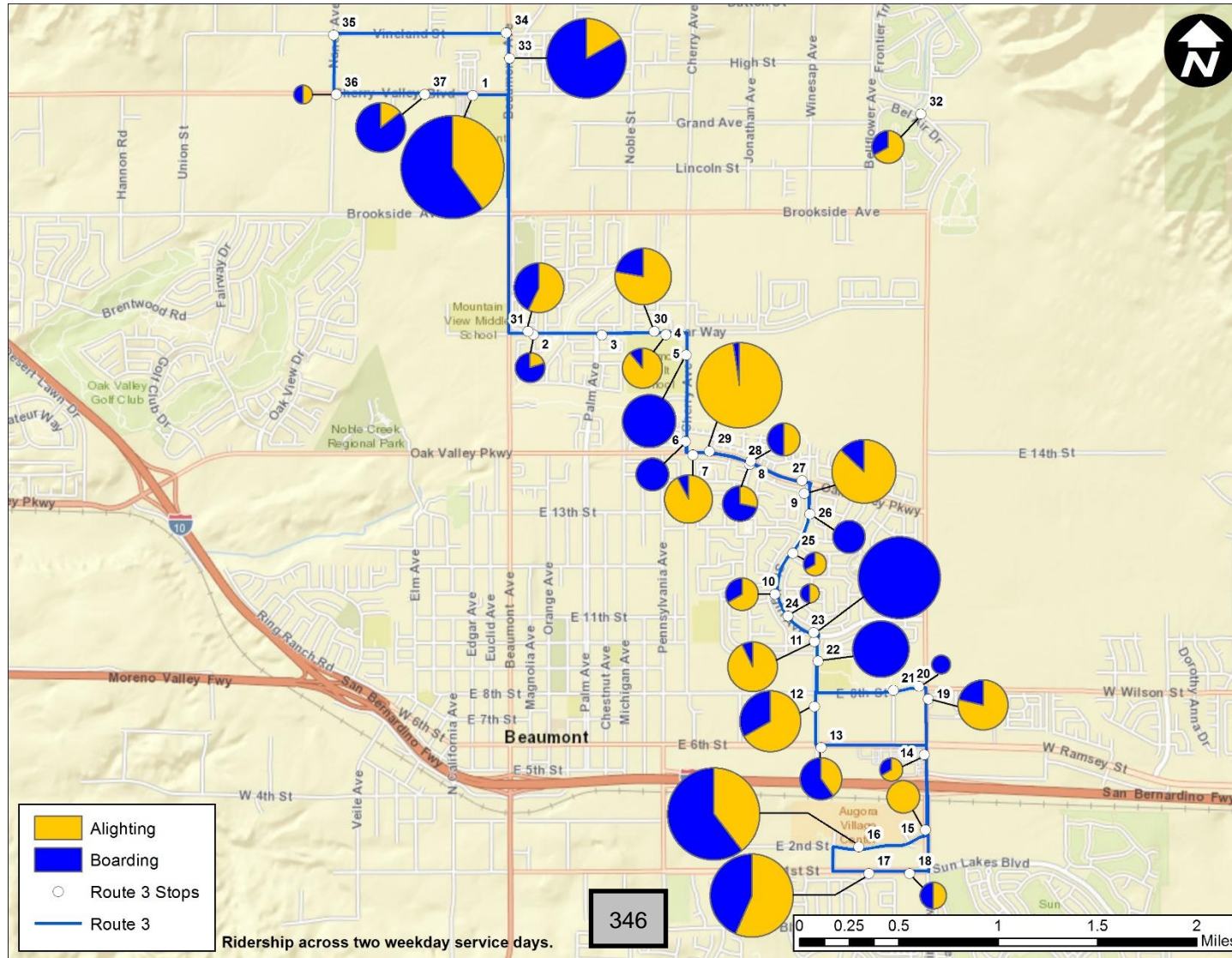


# Boarding and Alighting: Route 2 Weekday

Item No.7.

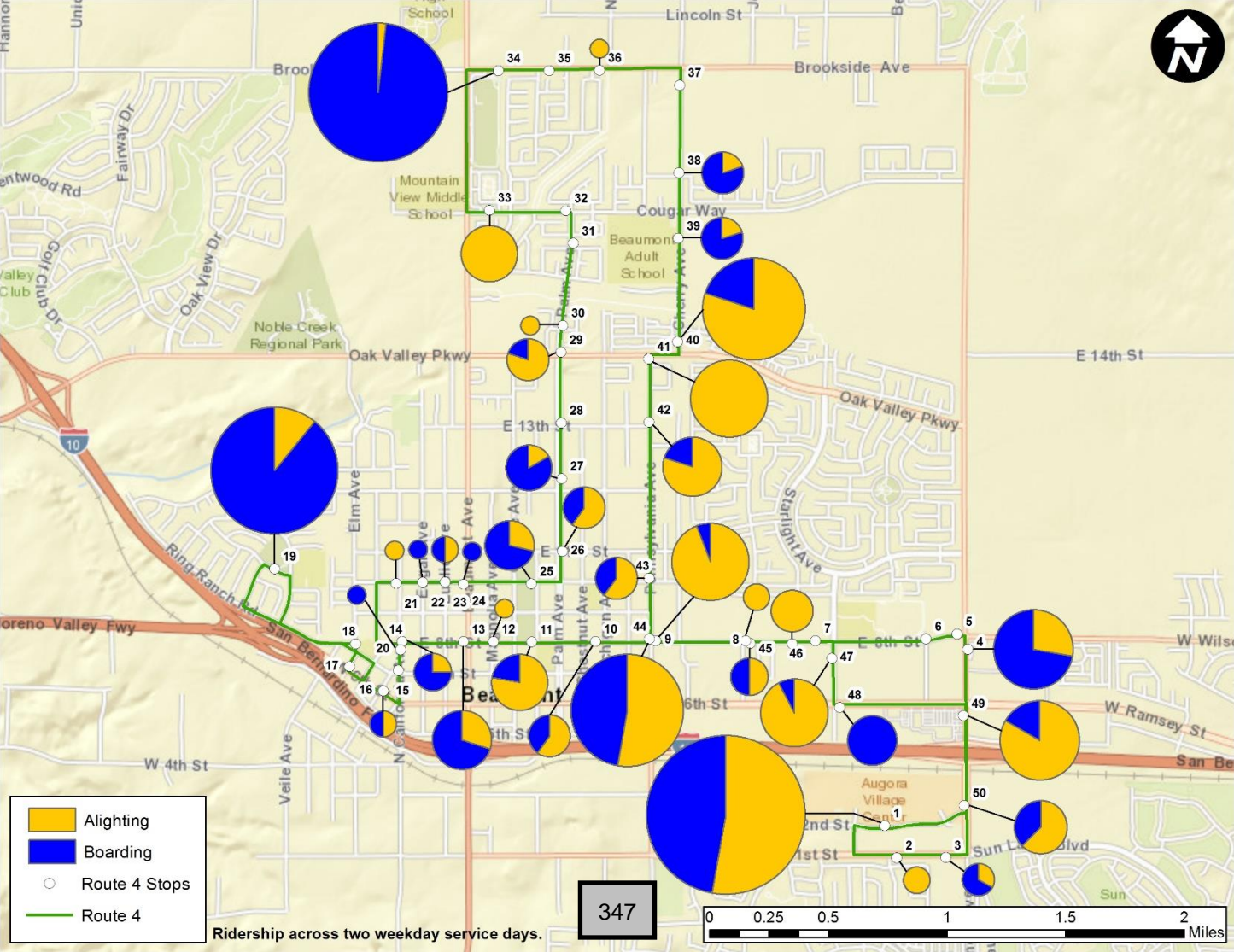


# Boarding and Alighting: Route 3 Weekday



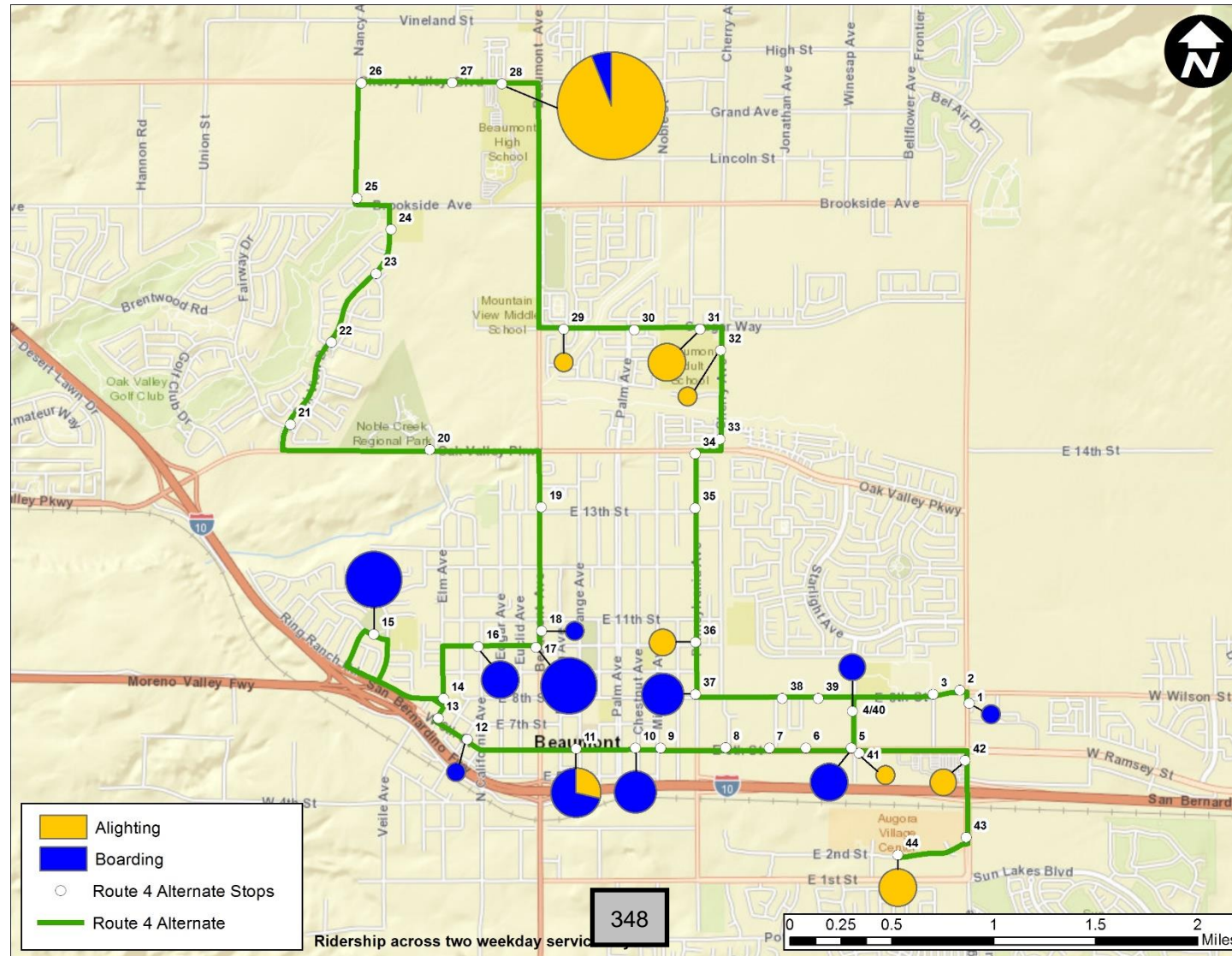
# Boarding and Alighting: Route 4 Weekday

Item No.7.

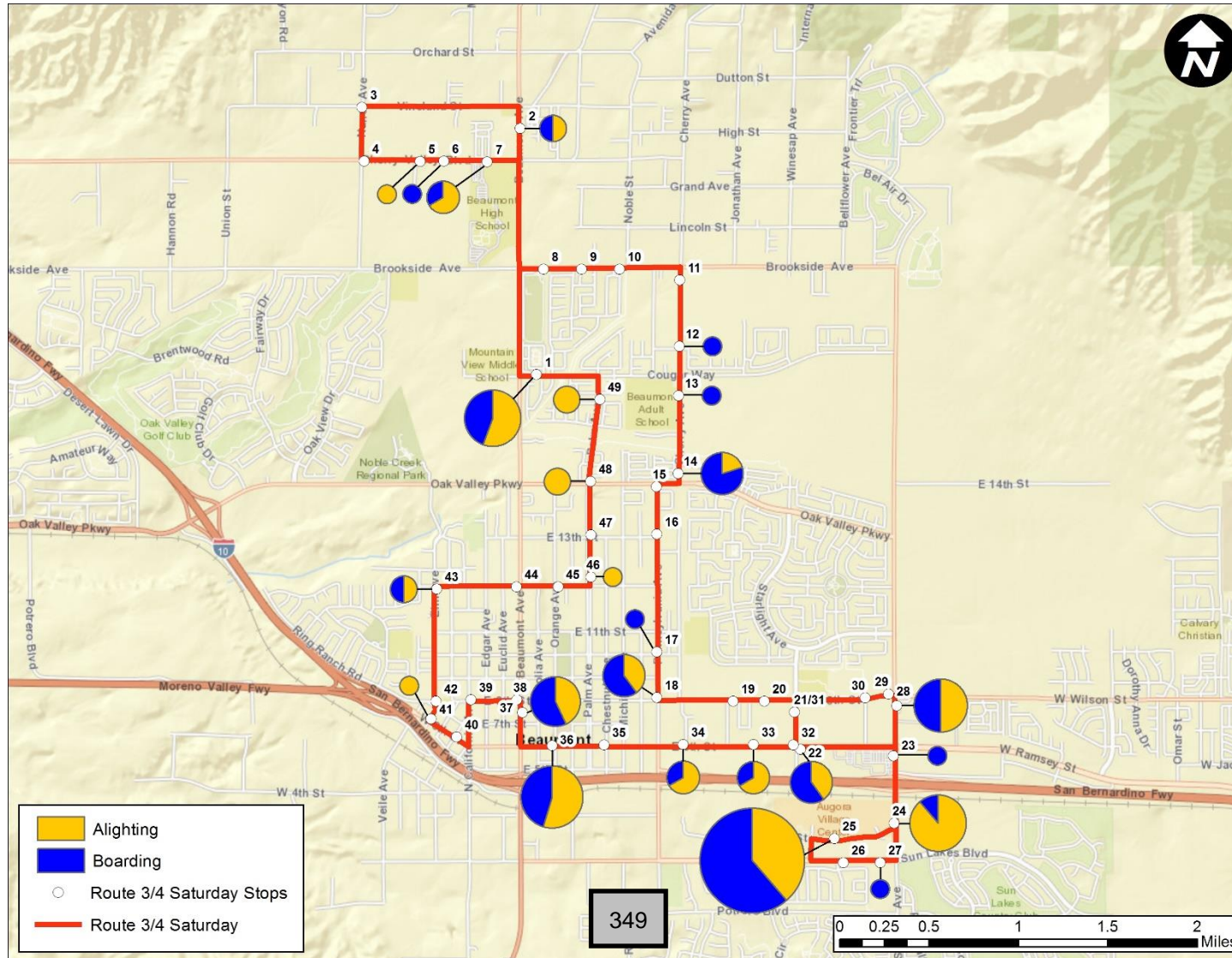


# Boarding and Alighting: Route 4 Weekday Alternate

Item No.7.

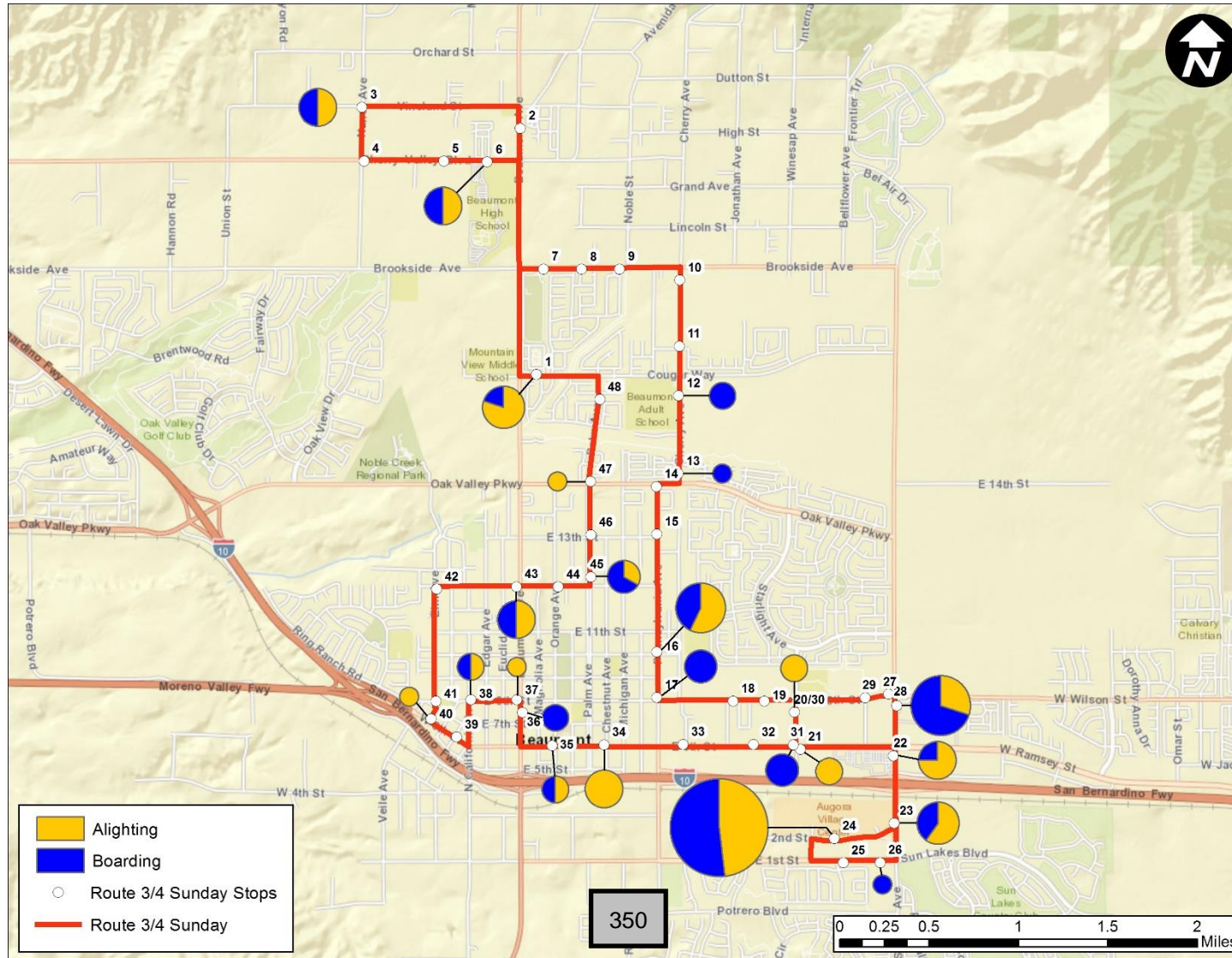


# Boarding and Alighting: Route 3/4 – Saturday



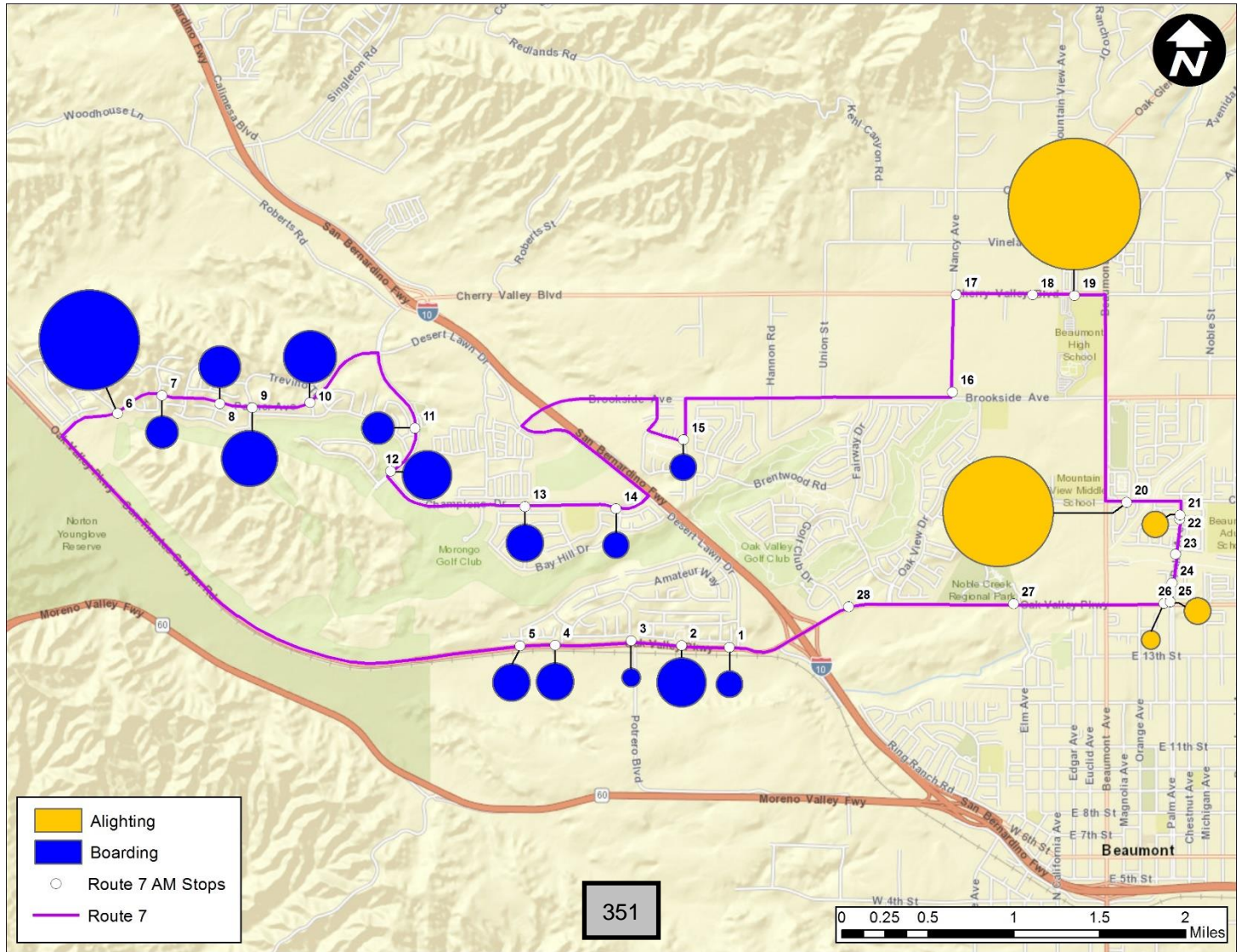
# Boarding and Alighting: Route 3/4 – Sunday

Item No.7.



# Boarding and Alighting: Route 7 Weekday– Morning

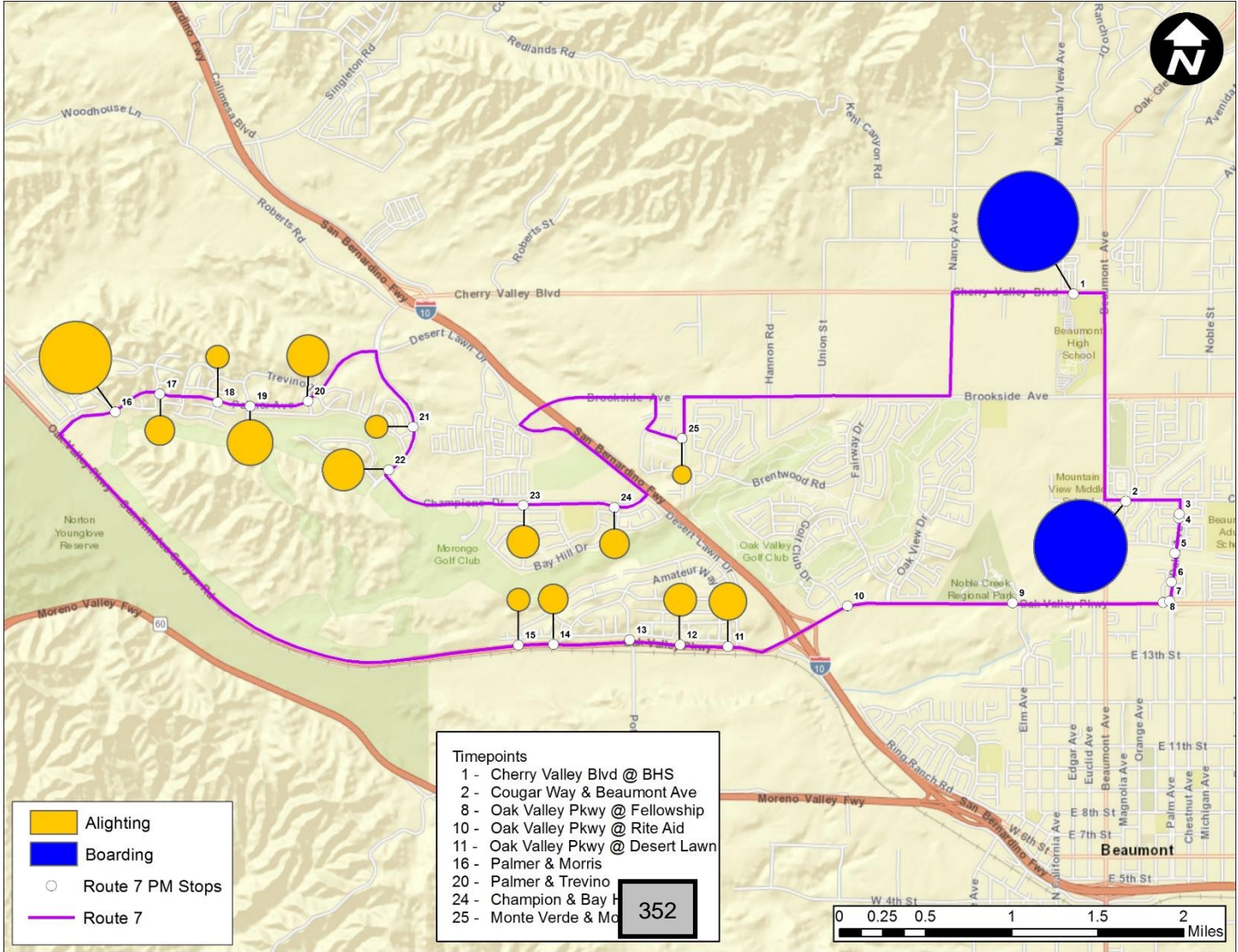
Item No.7.



351

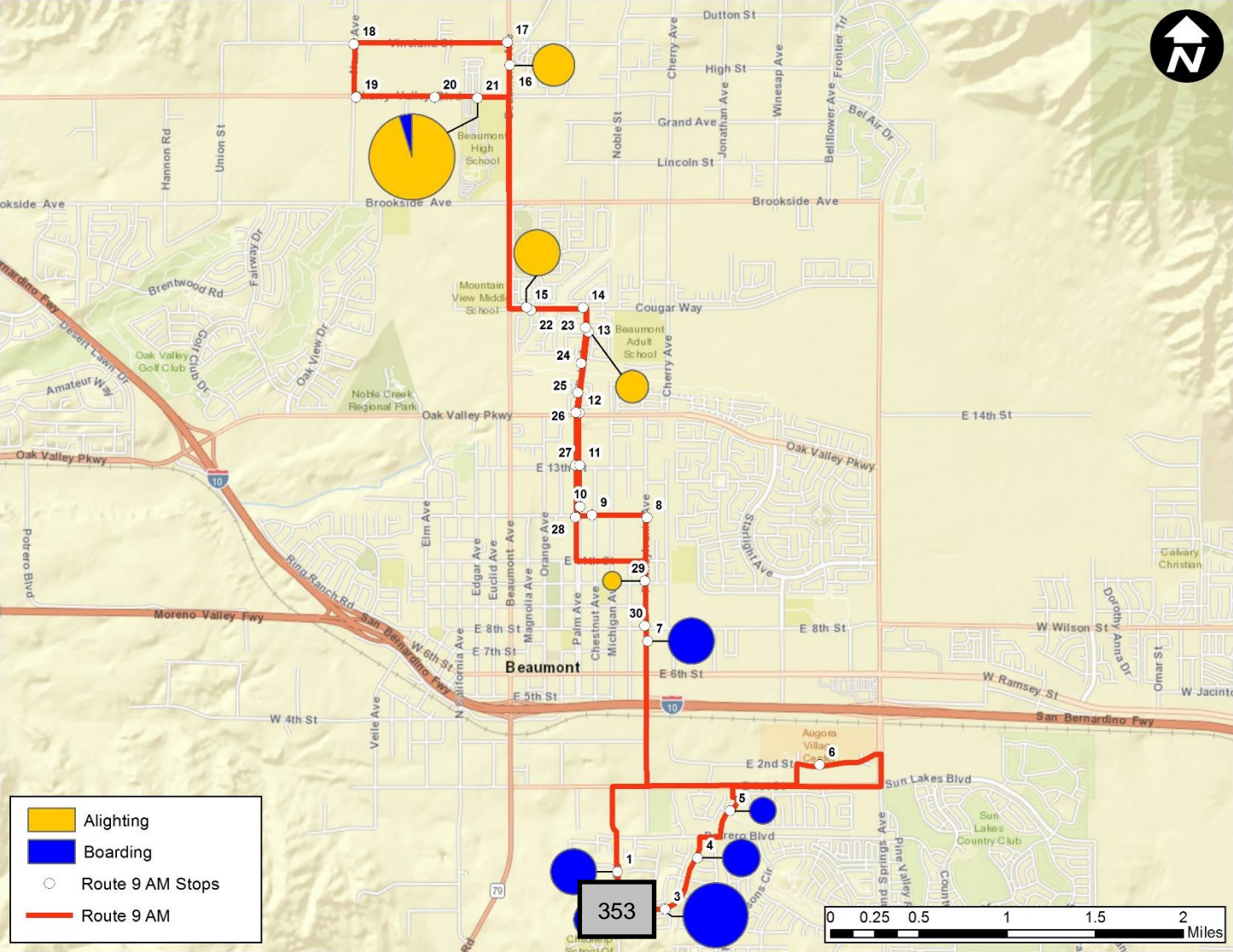


# Boarding and Alighting: Route 7 Weekday- Afternoon

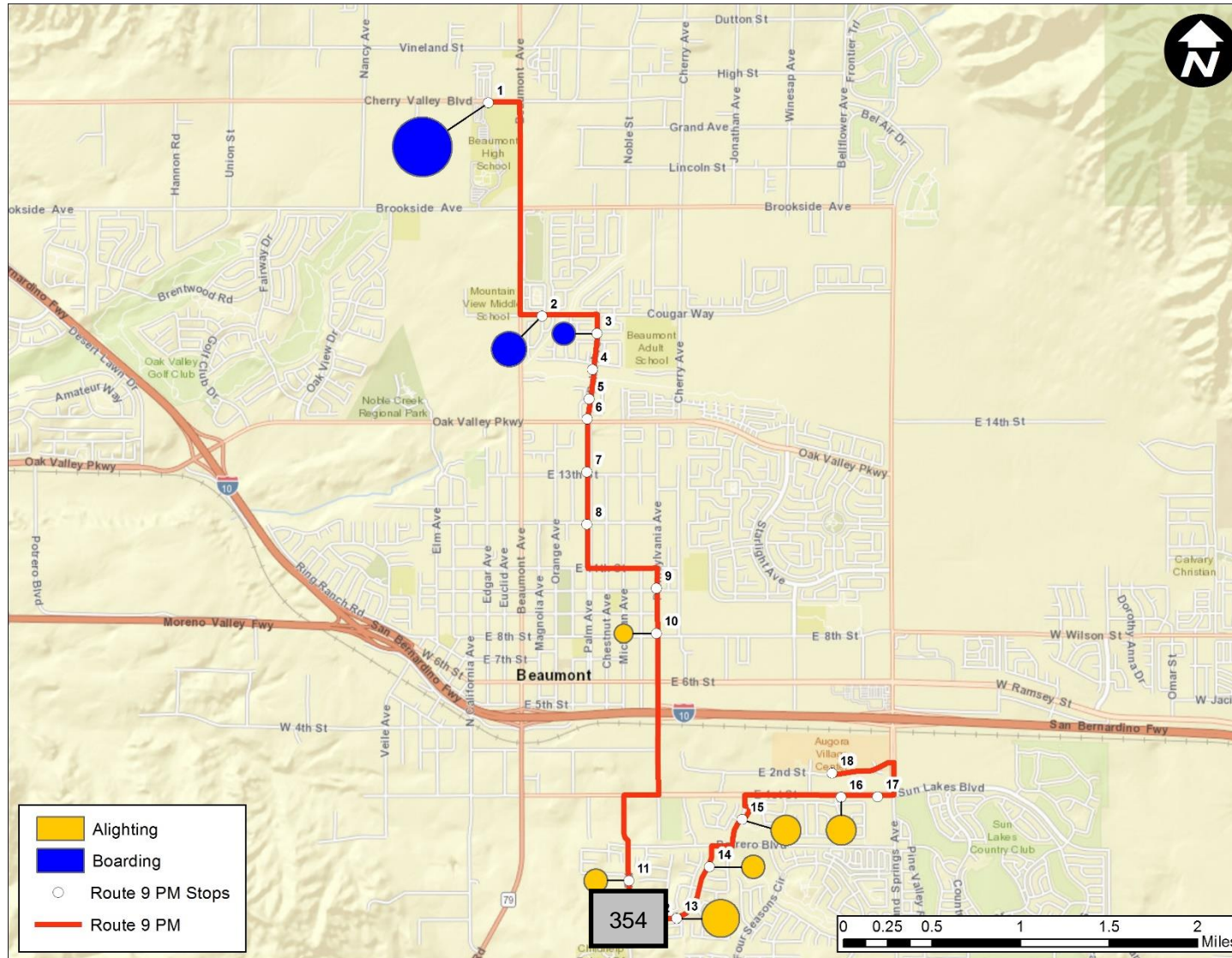




# Boarding and Alighting: Route 9 Weekday- Morning

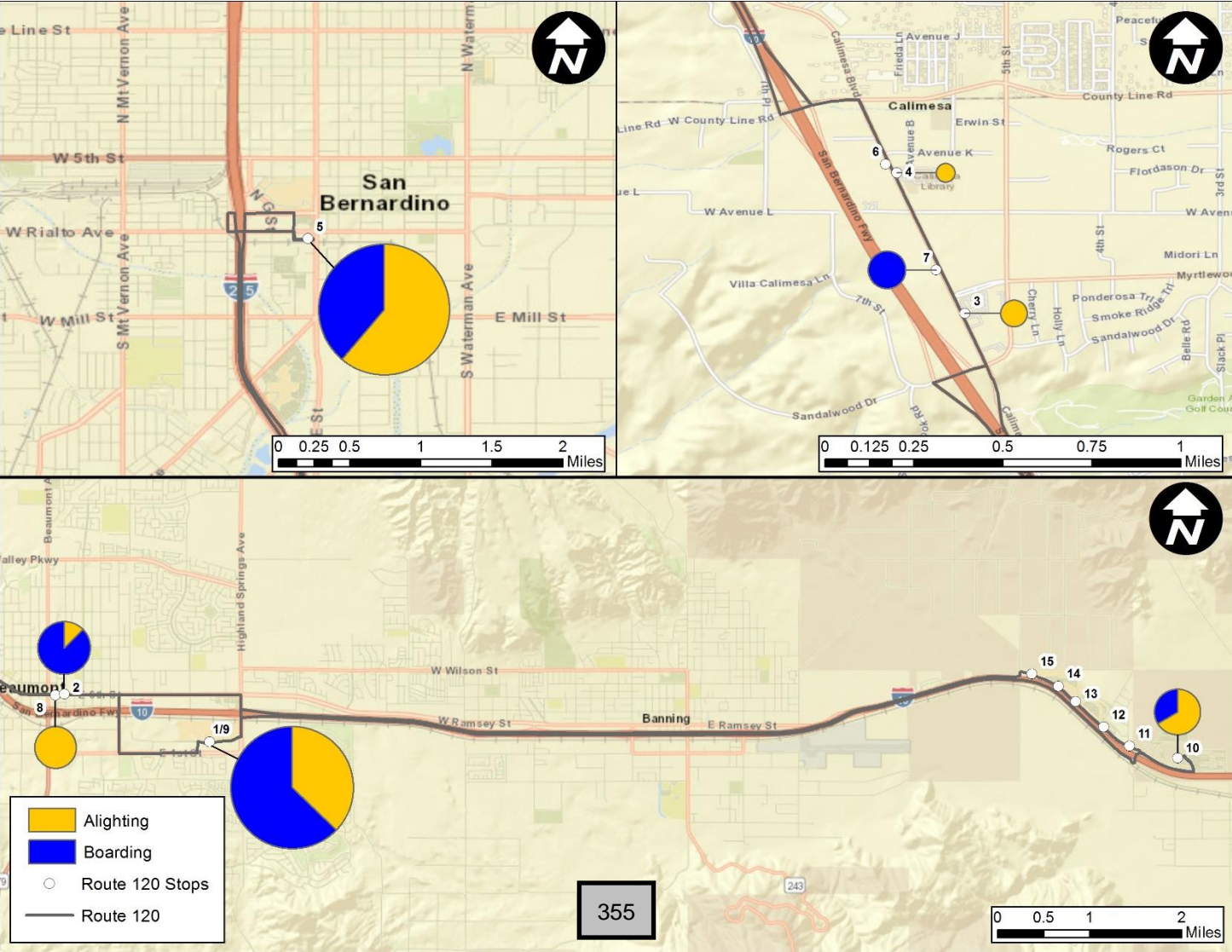


# Boarding and Alighting: Route 9 Weekday- Afternoon



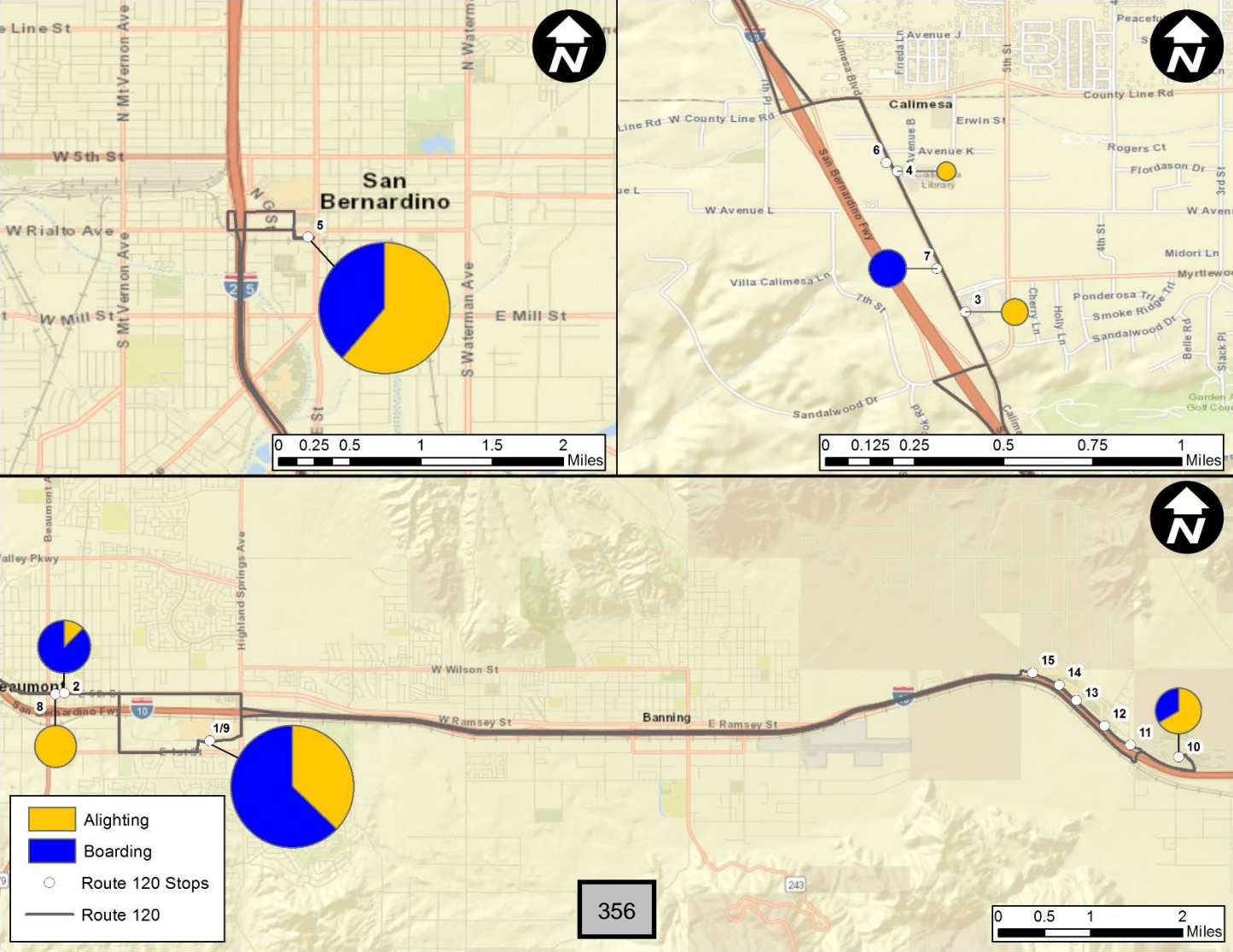
# Boarding and Alighting: Commuter 120 – Weekday

Item No.7.



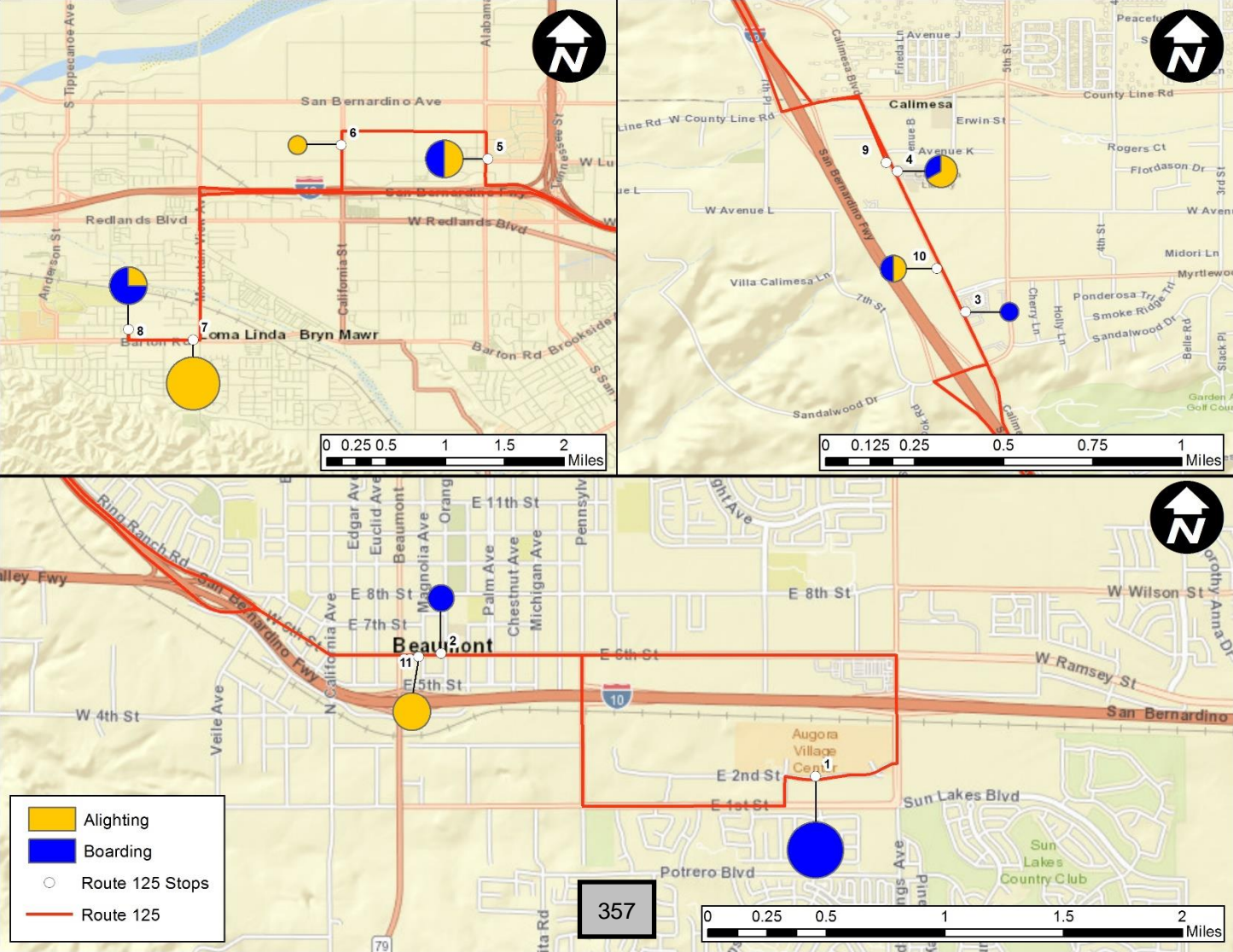
355

# Boarding and Alighting: Commuter 120 – Saturday



356

# Boarding and Alighting: Commuter 125 Weekday



# Boarding And Alighting: Summary

Item No.7.

	Passenger Total	Early AM	AM Peak	Midday	PM Peak	Late PM
		Before 6:00 a.m.	6:00 a.m. - 8:59 a.m.	9:00 a.m. - 2:59 p.m.	3:00 p.m. - 5:59 p.m.	6:00 p.m. or later
Route 2 Weekday	311	-	73	136	102	-
Route 3 Weekday	591	-	136	283	172	-
Route 4 Weekday	505	-	82	377	46	-
Route 4 Alternate	96	-	96	-	-	-
Route 3/4 Saturday	116	-	15	78	23	-
Route 3/4 Sunday	100	-	5	84	11	-
Route 7 Weekday	396	-	180	-	216	-
Route 9 Weekday	114	-	54	-	60	-
Commuter 120 Weekday	118	8	10	49	45	6
Commuter 120 Saturday	72	-	12	16	44	-
Commuter 125 Weekday	38	-	10	22	6	-



# Onboard Survey: Transfer Analysis

Beaumont Route to Another Beaumont Route

		Transferred to this Beaumont Route						
	Route	2	3	4	3/4	120	125	Total
Original Route	Route 2			1				1
	Route 3	2		1		1		4
	Route 4					1	1	2
	Route 3/4							0
	Commuter 120	3	2					5
	Commuter 125							0
	<b>Total</b>		<b>5</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>



# Onboard Survey: Transfer Analysis

## Beaumont Route to Another Operator

		Other Operator				
		Banning	RTA	Metrolink	Omni	Total
Current Route	Route 2	5				5
	Route 3	3	1			4
	Route 4	5		3*		8
	Route 3/4	1				1
	Commuter 120	2	1	8	5	16
	Commuter 125		1		1	2
	<b>Total</b>	<b>16</b>	<b>3</b>	<b>11</b>	<b>6</b>	<b>36</b>

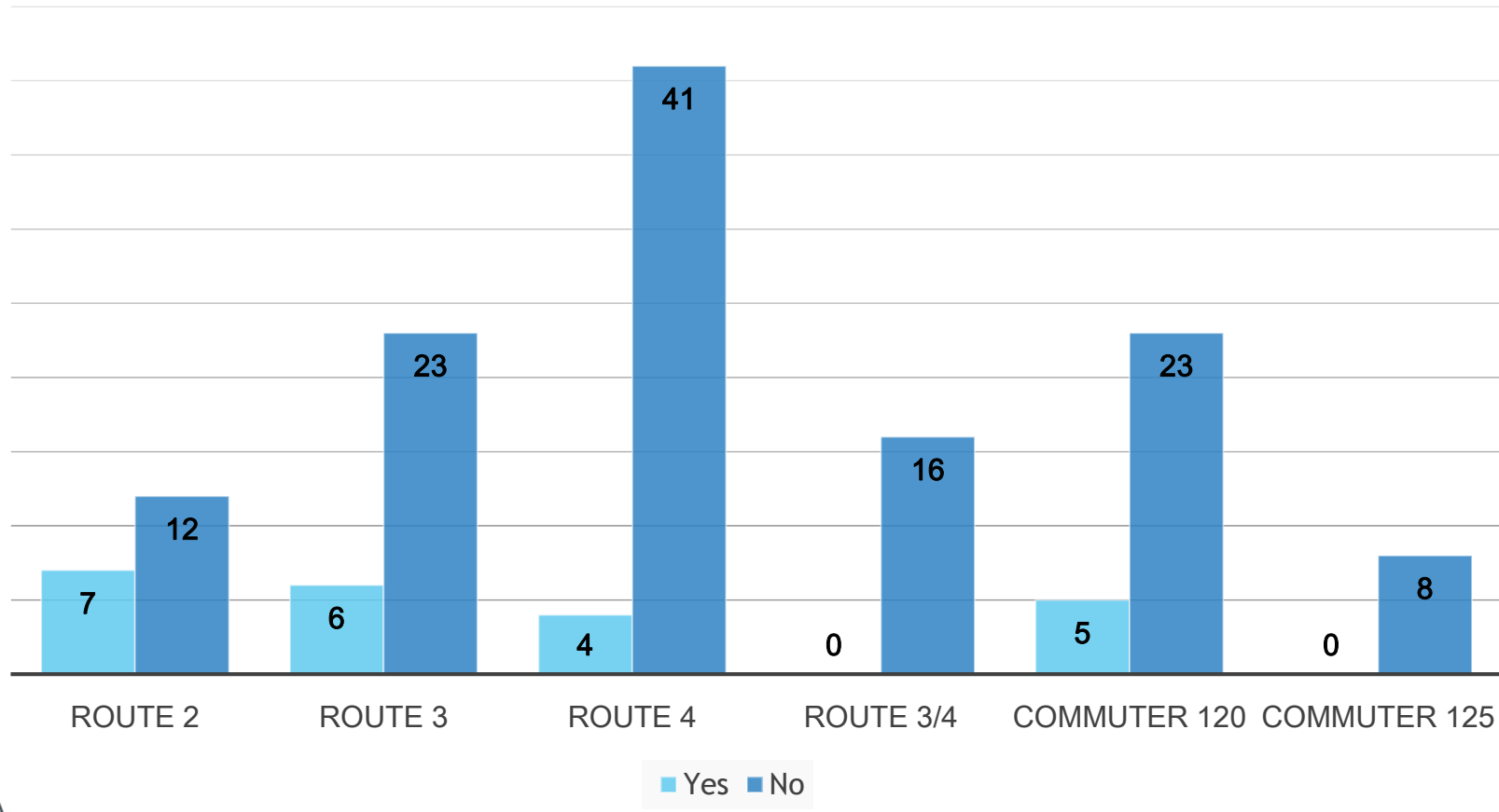
\*Although three respondents indicated transferring between Route 4 and Metrolink, there is no direct connection between these two services. We can presume the respondents were transferring to another route between Route 4 and Metrolink however, in the previous question the respondents did not indicate the other route(s).





# Onboard Survey: Transfer Analysis

Current Route- Transfer to Another Beaumont Route



361

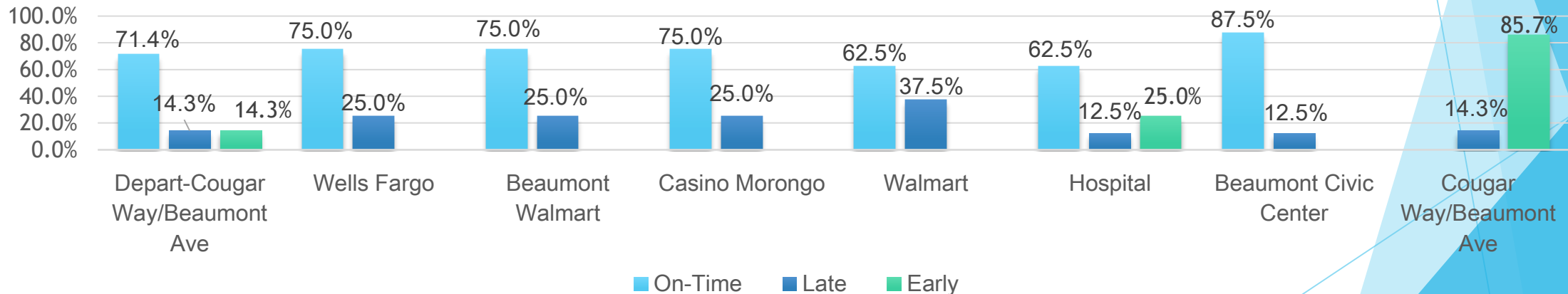


# On-Time Performance: Route 2

## Morning



## Afternoon

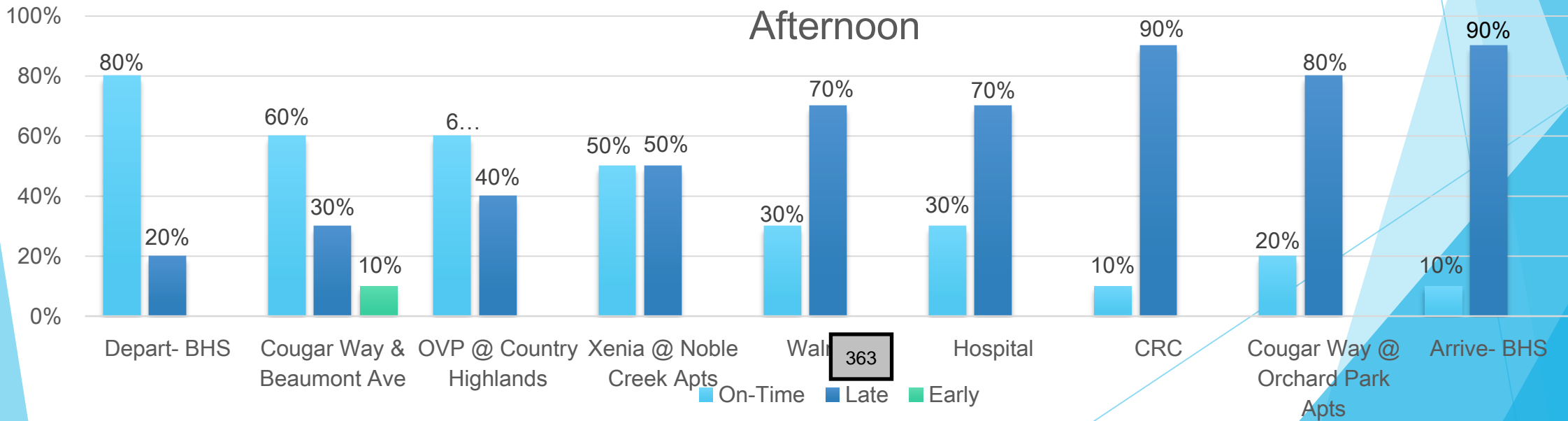
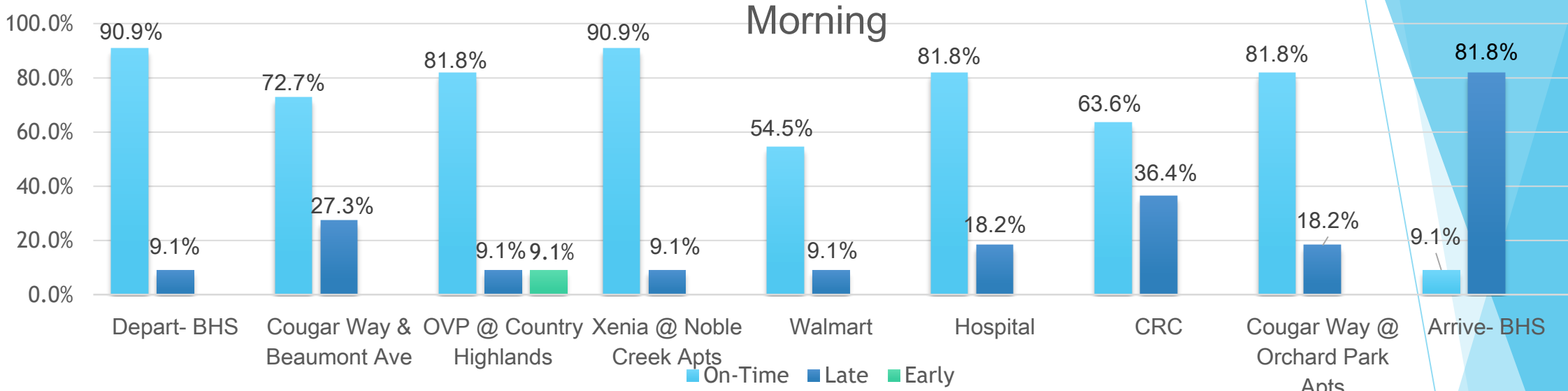


■ On-Time ■ Late ■ Early

“Late” = departure more than five minutes after published schedule.  
 “Early” = departure one or more minutes prior to the published schedule.  
 The final time-point is assessed as arrival time.

# On-time Performance: Route 3

Item No.7.

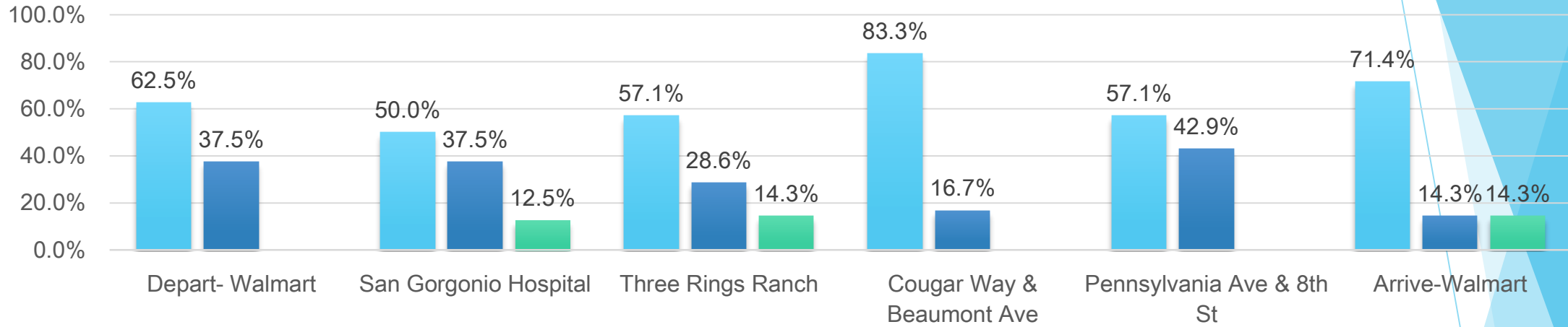


363

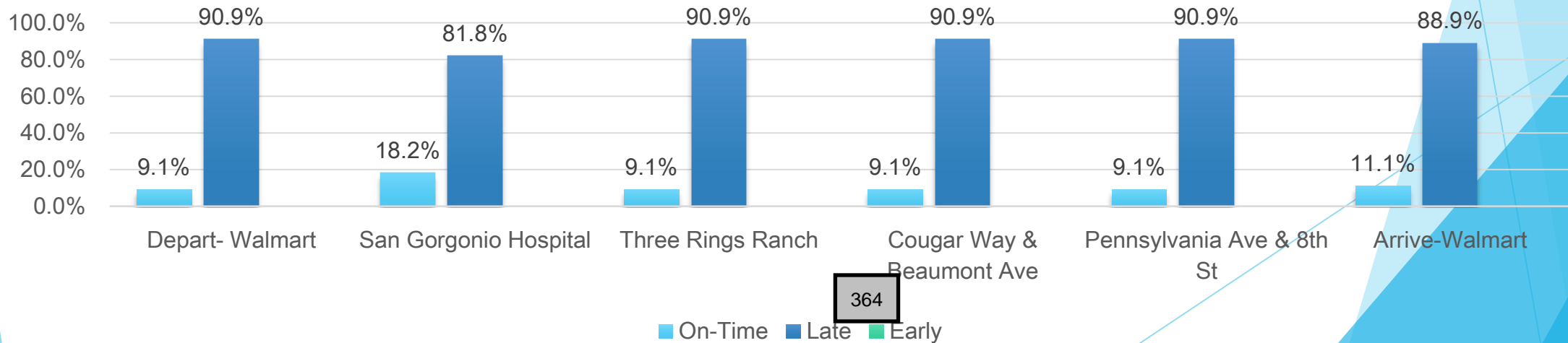
# On-time Performance: Route 4

Item No.7.

## Morning



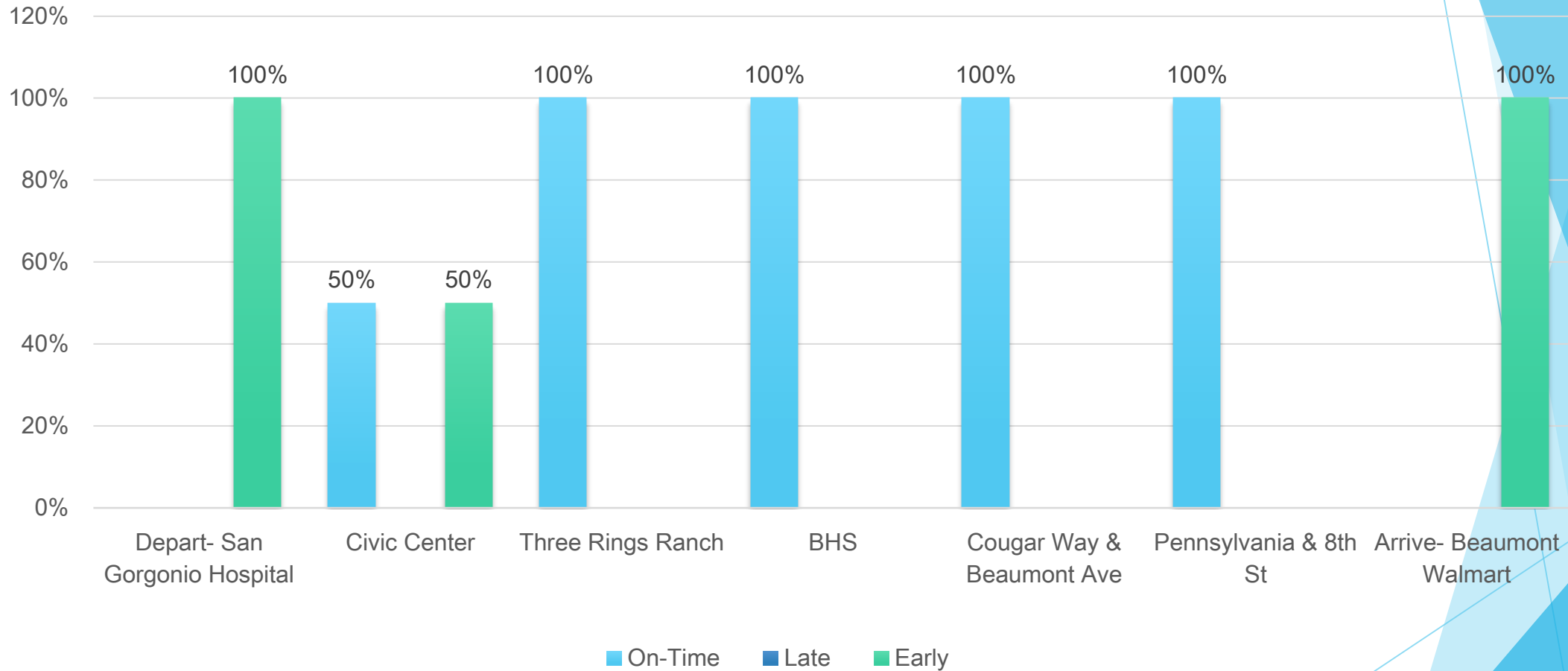
## Afternoon



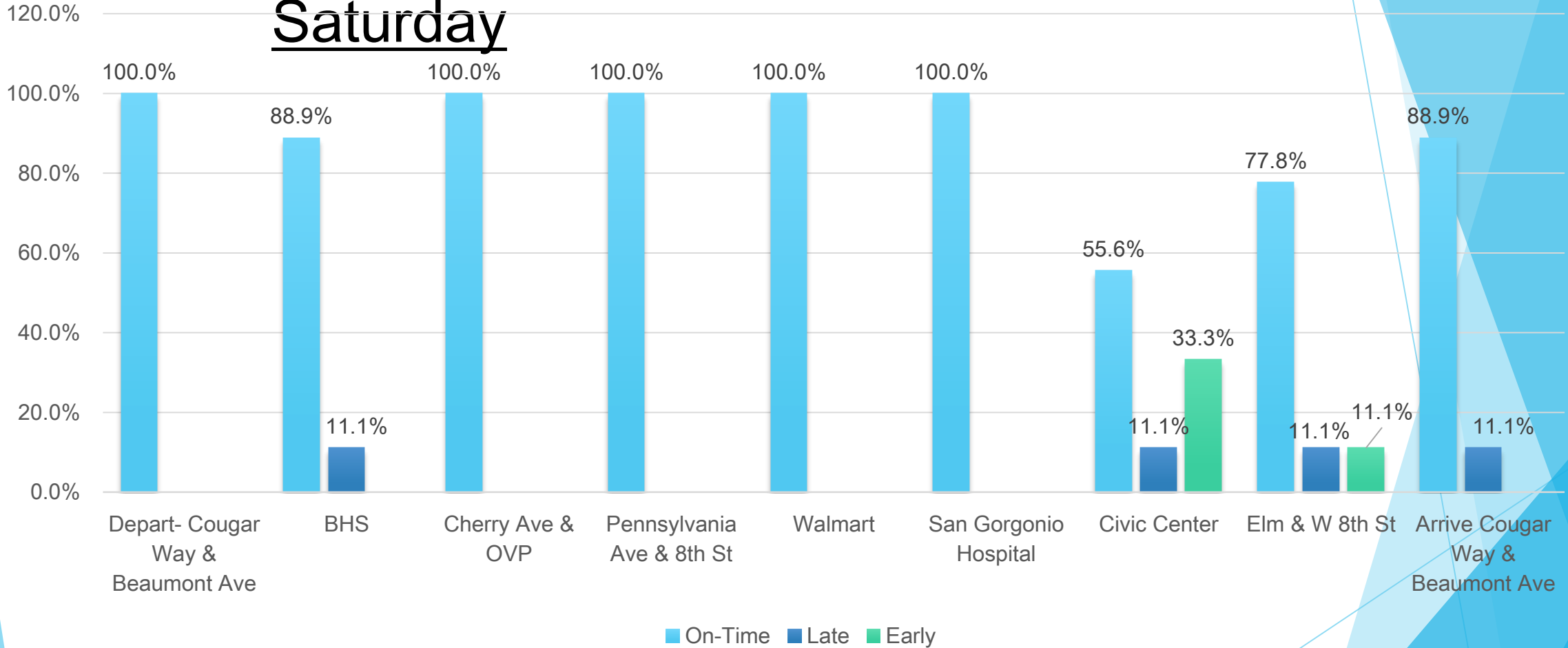
364

■ On-Time ■ Late ■ Early

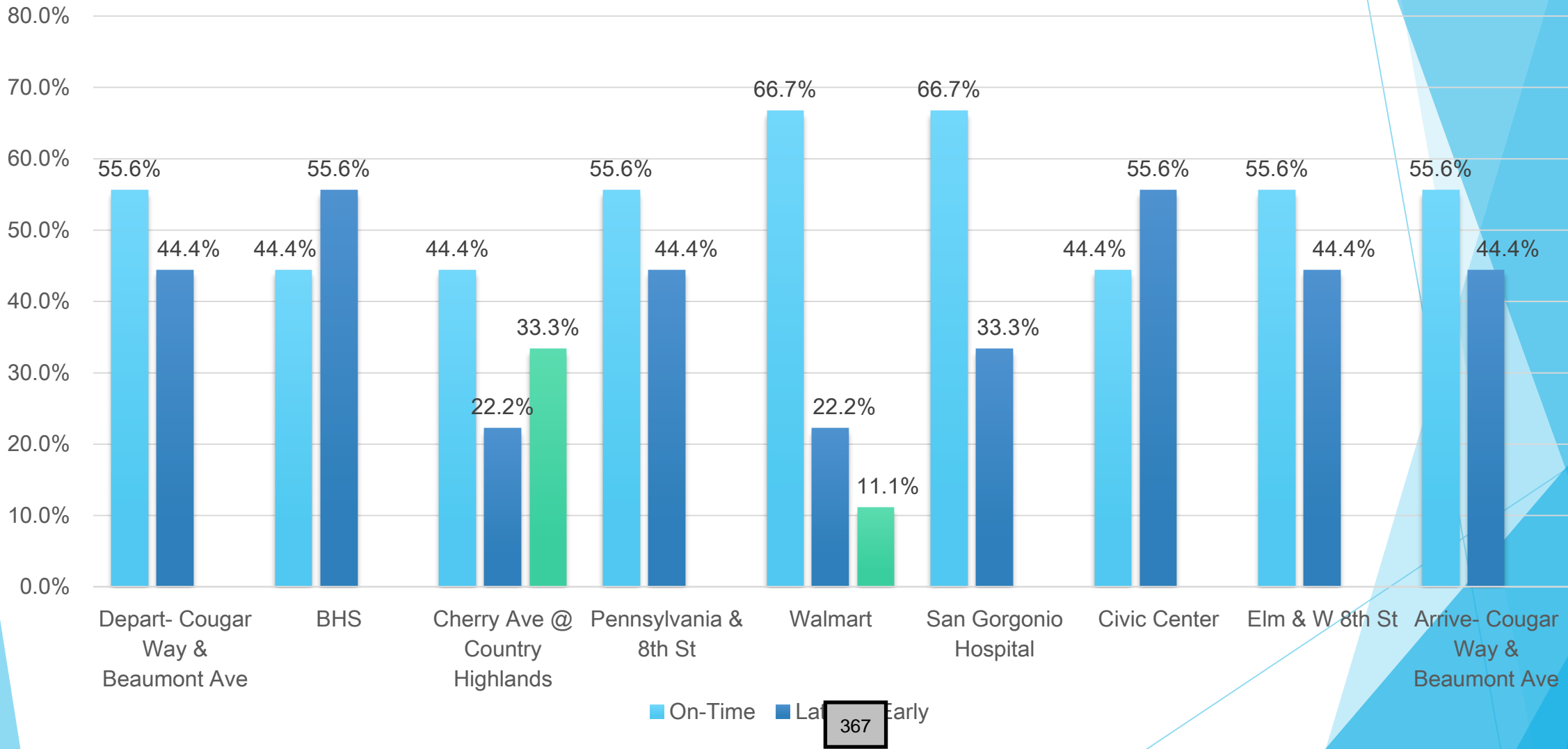
# On-time Performance: Route 4 Alternate



# On-time Performance: Route 3/4 – Saturday

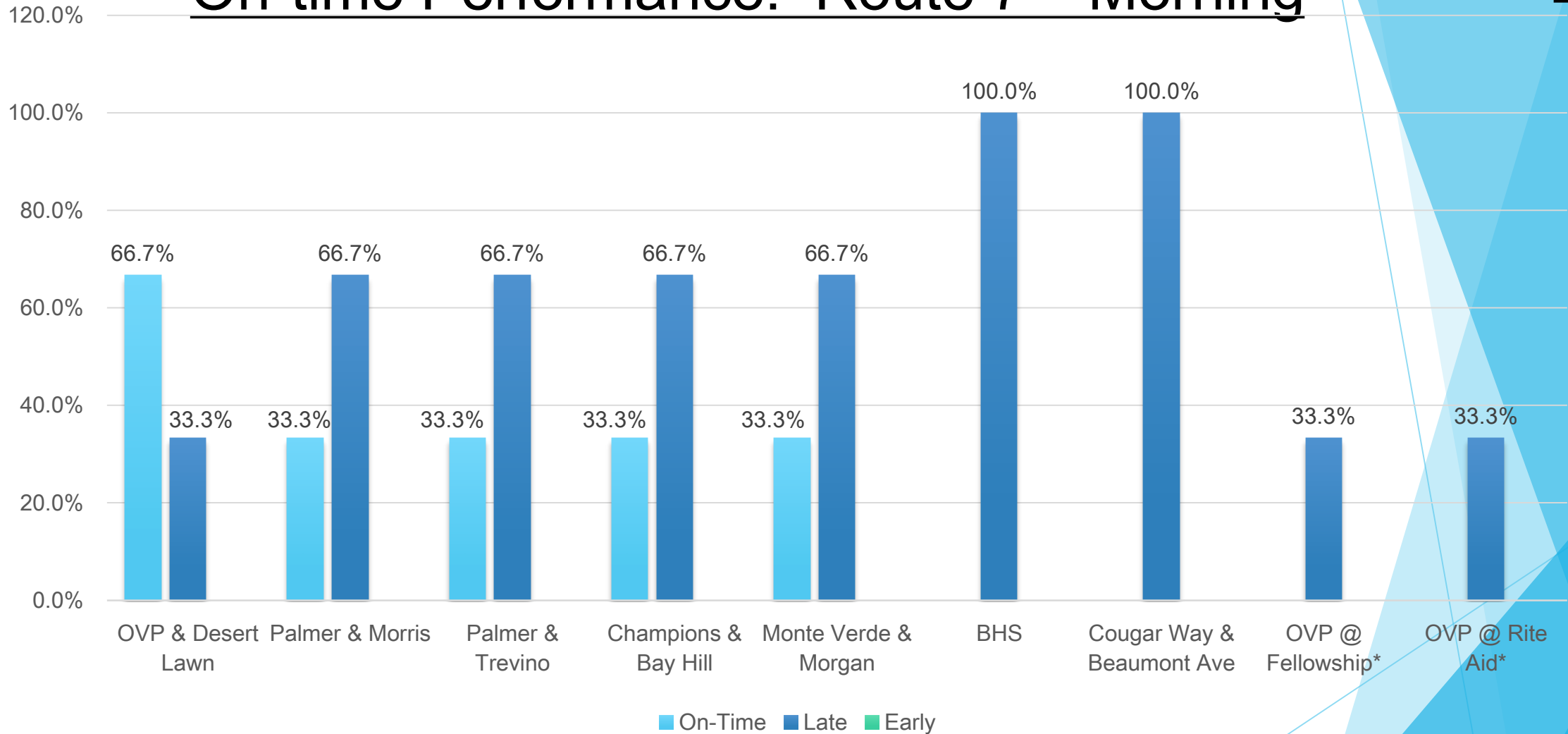


# On-time Performance: Route 3/4 – Sunday



# On-time Performance: Route 7 – Morning

Item No.7.

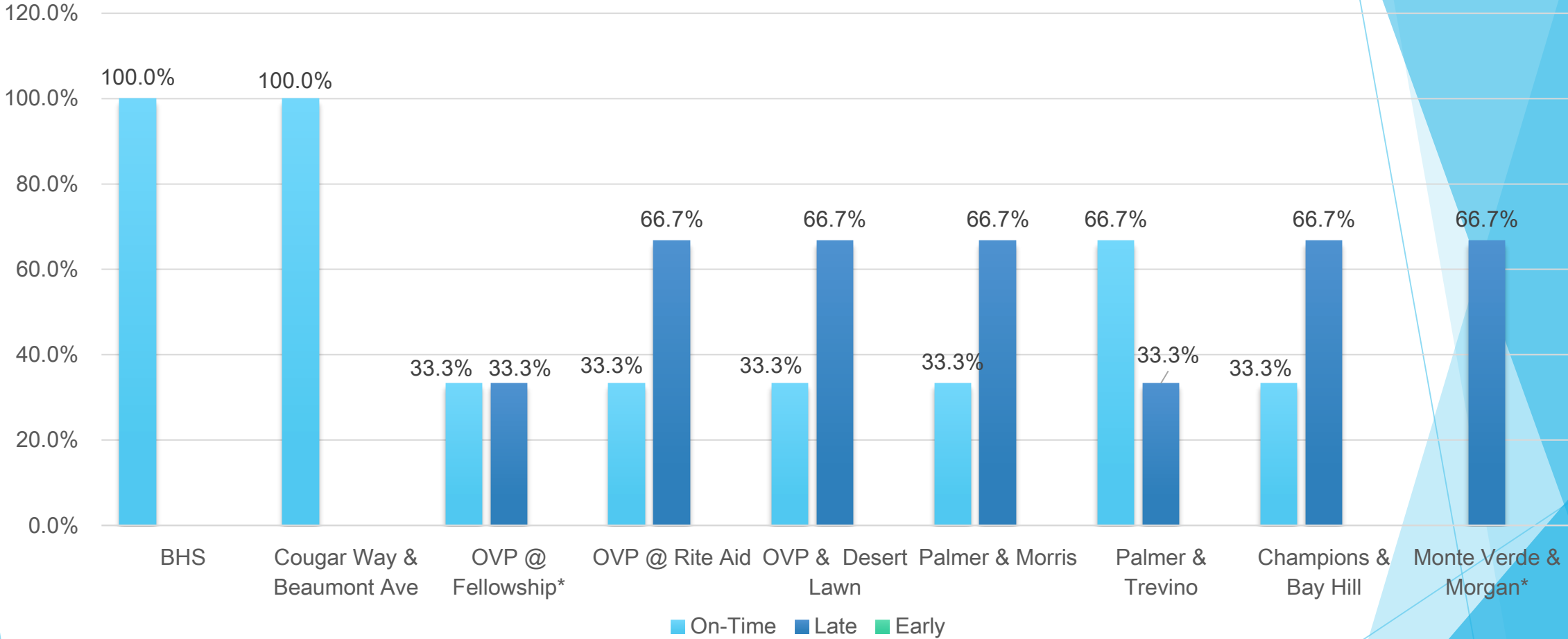


368

\* Some stops do not equal 100% since the stop was not served as scheduled.

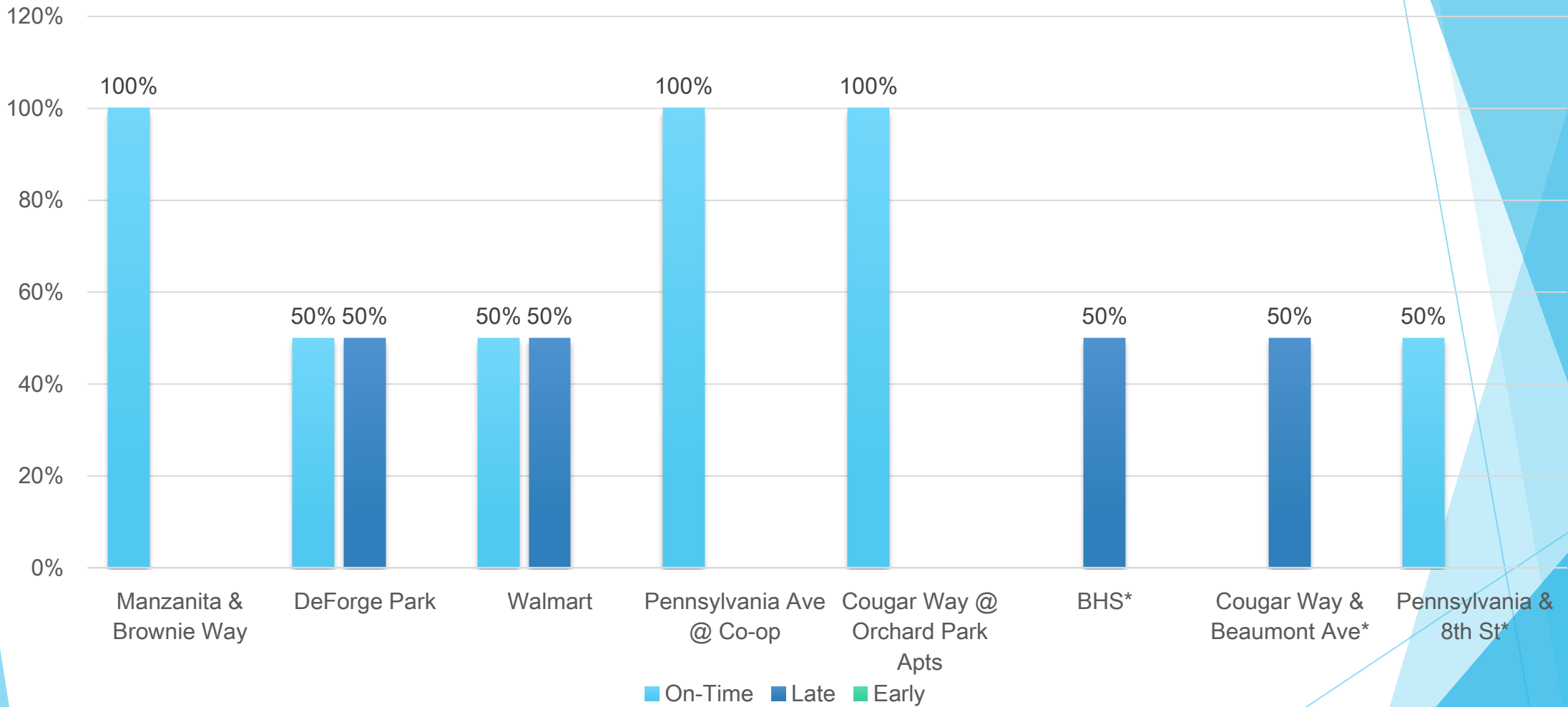


# On-time Performance: Route 7 – Afternoon



\* Some stops do not equal 100% since the stop was not served 369 times scheduled.

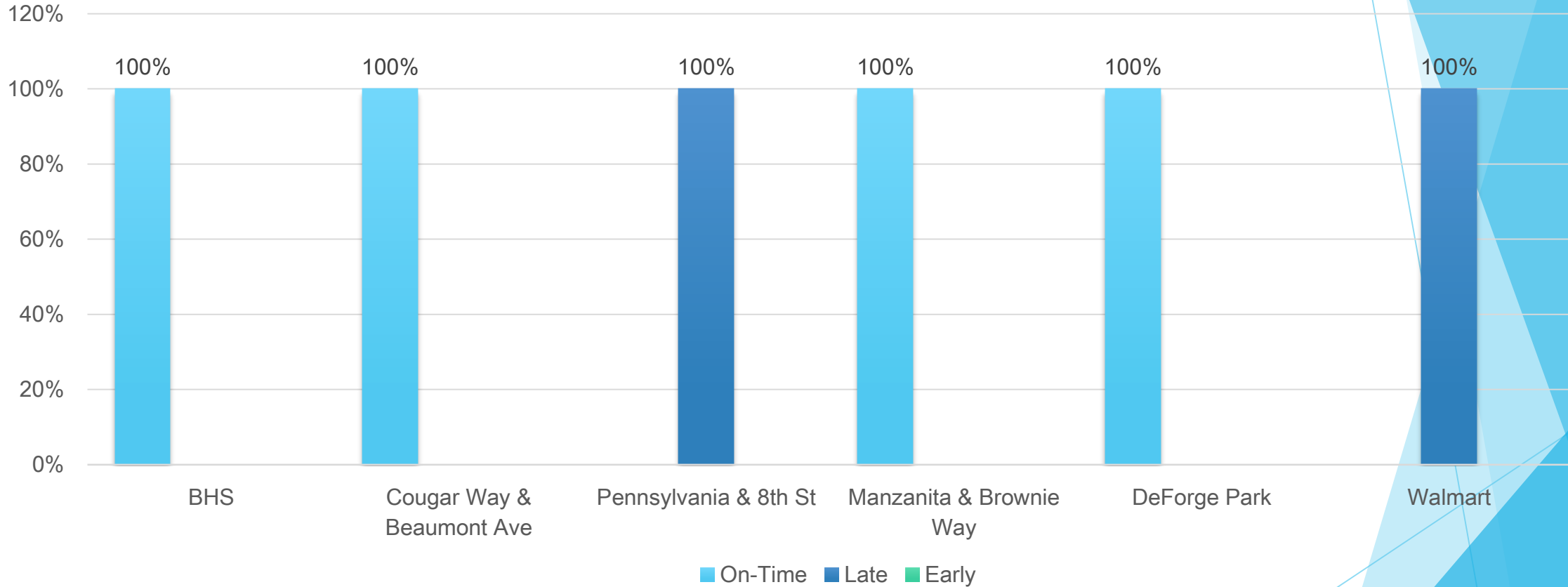
# On-time Performance: Route 9 – Morning



\* Some stops do not equal 100% since the stop was not served 370 is scheduled.

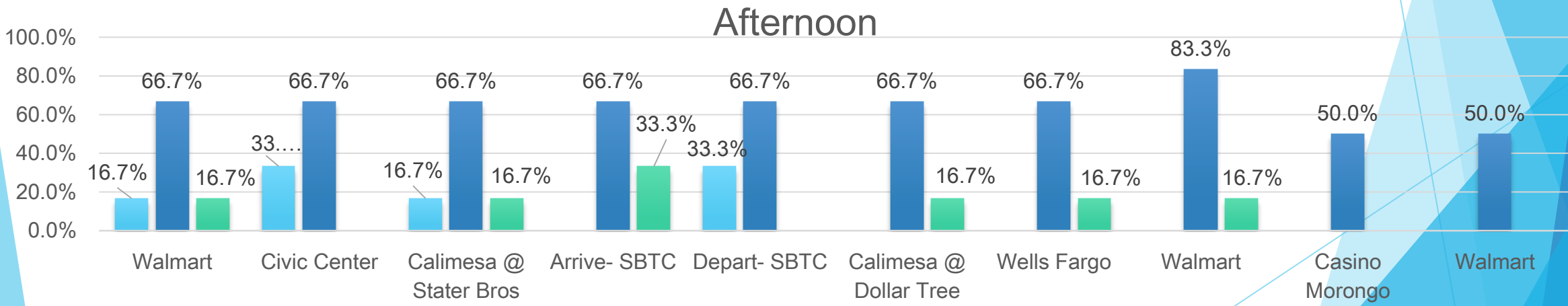
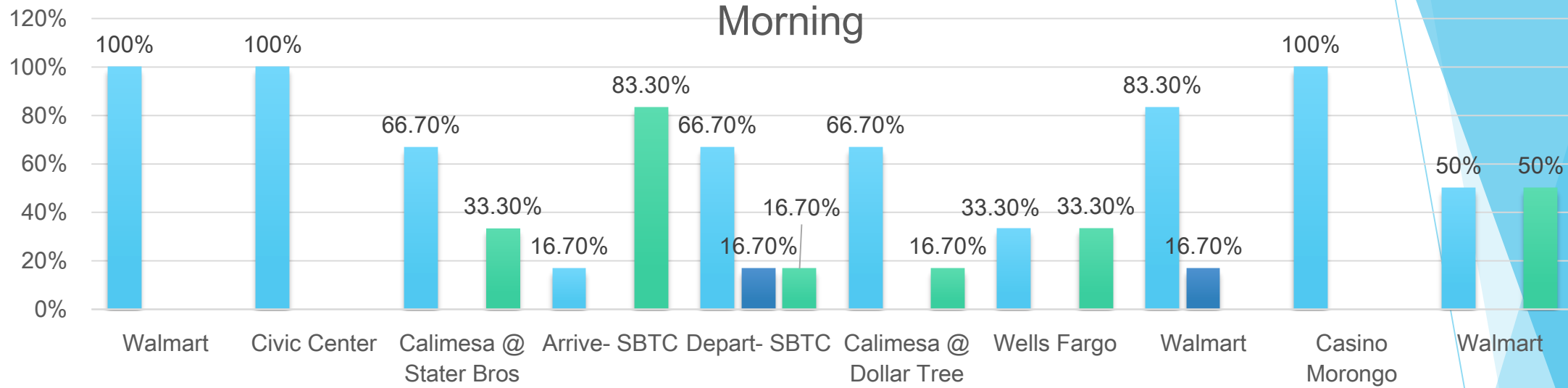
# On-time Performance: Route 9 – Afternoon

Item No.7.



# On-time Performance: Route 120 – Weekday

Item No.7.

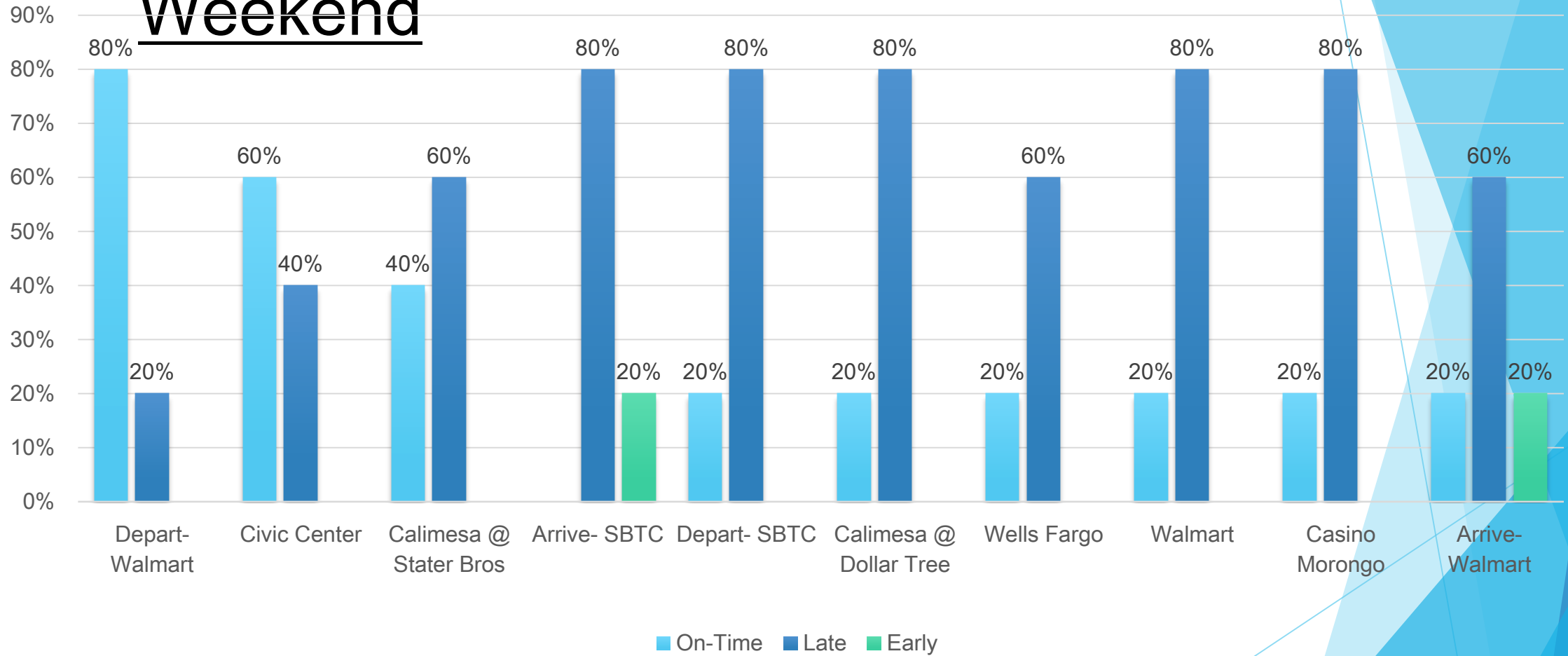


On-Time Late Early

372

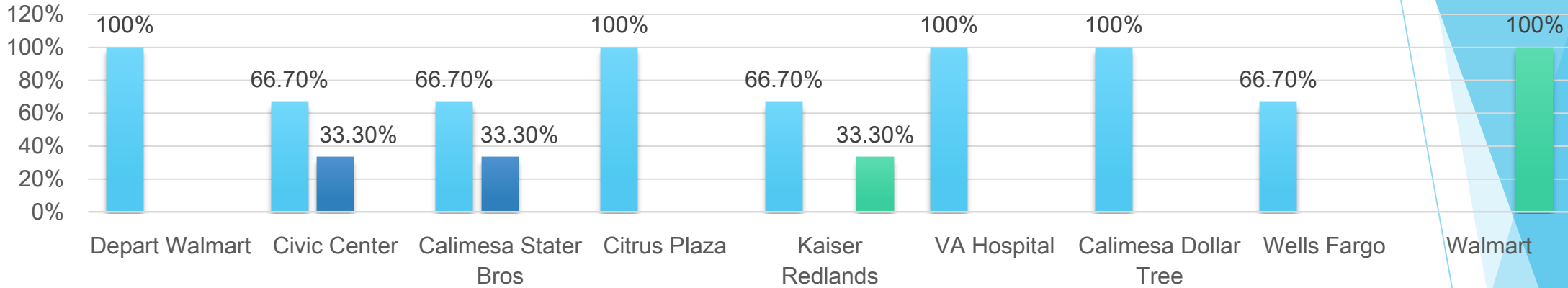
\* Some stops do not equal 100% since the stop was not served as scheduled.

# On-time Performance: Route 120 – Weekend

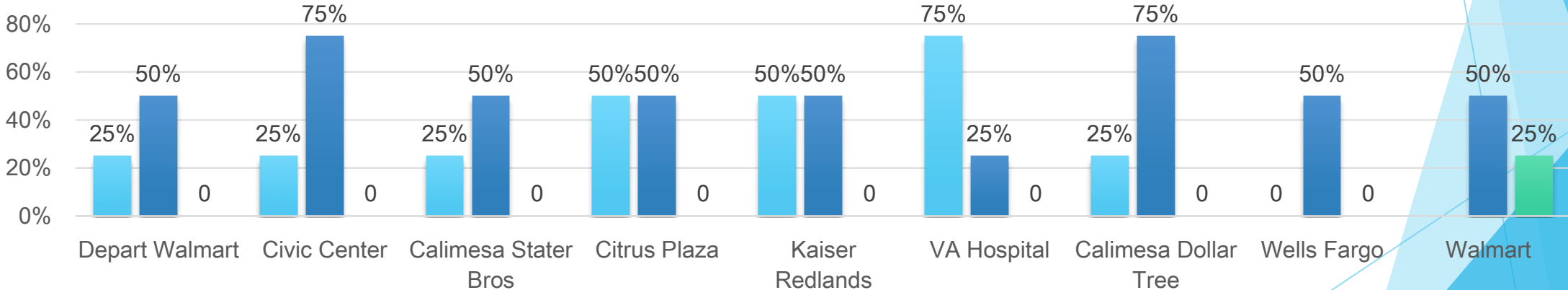


# On-time Performance: Route 125

## Morning Service



## Afternoon Service



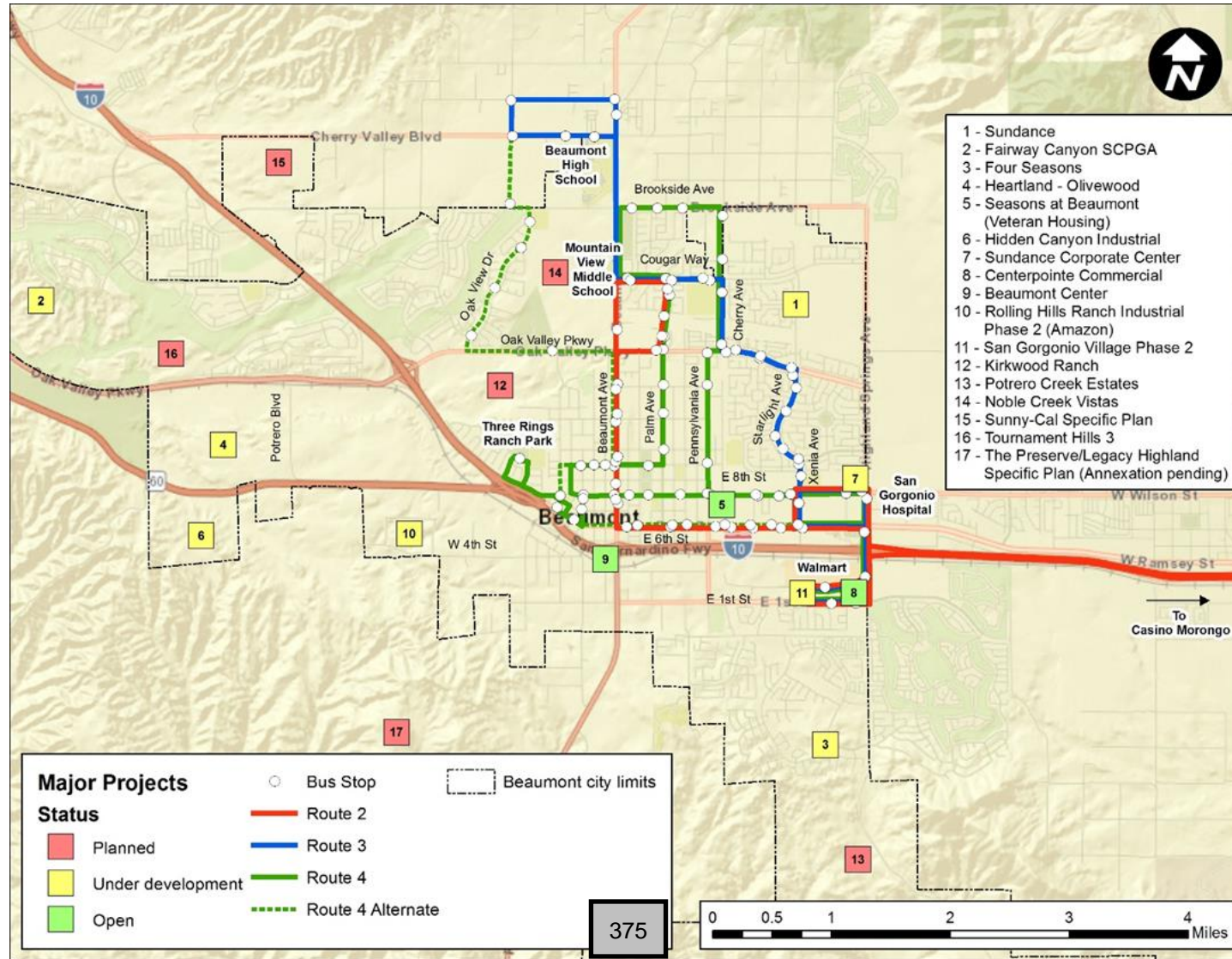
On-Time Late Early

374

\* Some stops do not equal 100% since the stop was not served as scheduled.

# Future Development

Item No.7.



## Community Engagement Activities

Activity	Quantity
Surveys	427 Responses
Open House (3)	21 Attendees
Pop-Up Events	60 Attendees
Project Webpage	593 Views





# Survey Totals

Item No.7.

Survey Source	Number of Responses
Fixed Route Passenger	193
Dial-A-Ride	40
School	170
Driver	5
Stakeholder	5
Community	14
Total	427



## 'Profile' of a Beaumont Transit Customer

- ▶ 53.4% uses the service to travel for work or school
- ▶ 50.4% rides five or more days per week
- ▶ 70.5% ride because they do not access to a vehicle
- ▶ 70.3% are 25 or older
- ▶ 37.8% are students
- ▶ 28% employed
- ▶ 36.4% identifies as Hispanic/Latino
- ▶ 27.3% identifies as Black/African American
- ▶ 67.6% state their household annual income is less than \$30,000
- ▶ On a scale of 1-4, 4 being excellent, Beaumont is averaged at 3.34

# 'Profile' Of A Dial-a-ride (DAR) Customer

Item No.7.

- ▶ 62.9% are 65 or older; 76% Live alone
- ▶ 53.5% state their annual household income is less than \$20,000
- ▶ 60% have used DAR for more than two years
- ▶ 64.1% rode within the month prior to taking the survey
- ▶ 82.5% makes less than three round trips per week
- ▶ 76.9% typically use DAR for medical or shopping
- ▶ 92.1% use DAR because they no longer drive
- ▶ 63.2% have a disability that impacts personal mobility
- ▶ 47.4% would ride with family or friends if DAR not available
- ▶ 34.2% would not make the trip if DAR not available
- ▶ On a scale of 1-4, 4 being excellent, DAR is averaged at 3.41; 90% rate as good or excellent

# Community Survey Responses

Item No.7.

- ▶ 36% do not ride Beaumont Transit because it takes too long
- ▶ 36% would ride if service was more frequent
- ▶ 36% would ride if on-time performance was improved
- ▶ 67% do not have access to a personal vehicle
- ▶ 100% would consider riding if their primary means of transportation was not available
- ▶ 100% of respondents 'strongly' or 'somewhat agree' that Beaumont Transit:
  - Reduces traffic
  - Reduces pollution
  - Is cheaper than driving
  - Supports the local economy
  - Provides a valuable service to the community.

# Preliminary Findings

Item No.7.

- ▶ The split with Banning has negatively impacted residents' mobility
- ▶ Improve on-time performance
- ▶ Service does not operate frequently enough
- ▶ Service on weekdays, needs to operate later
- ▶ Riders want improved bus stops
- ▶ Some neighborhoods are without transit service



## Next Steps

- ▶ Discuss findings with Council
- ▶ Develop list of improvement priorities
- ▶ Calculate cost estimates for “short list” of improvement priorities
- ▶ Prepare Tech Memo #2: Service Alternatives
- ▶ Prepare ‘Preferred Alternative’ scenario
- ▶ Present to Council

# Questions / Discussion



## Staff Report

**TO:** Mayor and City Council Members  
**FROM:** Jeff Hart, Public Works Director  
**DATE:** May 19, 2020  
**SUBJECT:** Award a Professional Services Agreement to Cozad & Fox, Inc., for the Feasibility and Design of the Second Street Extension Project in an Amount Not to Exceed \$199,915

### Background and Analysis:

As part of the five-year capital improvement plan (CIP), the City Council approved a project for the feasibility and design of the extension of Second Street from the westerly boundary of the Home Depot shopping center to the projected intersection at Pennsylvania Avenue. This project will consist of two phases with the first phase looking at potential construction issues, preliminary environmental review and probable cost estimates. The second phase would consist of completing necessary California, Environmental Quality Act (CEQA) environmental studies, regulatory compliance documents and the production of construction plan drawings. The phased approach allows the City Council to terminate this project at any phase should the probable cost estimates exceed funds available.

Staff prepared a Request for Proposal (RFP) for the Second Street Extension Project. The project was advertised March 3, 2020, and eight (8) proposals were received on April 6, 2020. Each firm was evaluated by a three-person panel based on the following criteria:

- Project Approach and Scope of Services (30%),
- Project Team Organization and Qualifications (25%),
- Related Experience and Past Projects (25%),
- References (10%), and
- Proposed Fee (10%).

Staff recommends the selection of Cozad & Fox, Inc., to perform the engineering services for the project as their proposal was the most comprehensive, contained the best value for services provided, a proven track record on projects of similar size and



scope, and a thorough understanding of the City's needs in order to complete both the feasibility analysis and final engineering. The original price for the scope above was \$207,617 however, staff was able to negotiate a final price of \$199,915.

**Fiscal Impact:**

The professional services agreement in an amount not to exceed \$199,915 for the Second Street Extension Design Project will be paid from the CIP project account 2019-009.

**Recommended Action:**

Award a Professional Services Agreement to Cozad & Fox, Inc., for the feasibility and design of the Second Street Extension Project in an amount not to exceed \$199,915.

**Attachments:**

- A. Professional Services Agreement – Second Street Extension Design Project
- B. Cozad & Fox, Inc. Proposal

**AGREEMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR**

THIS AGREEMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR is made and effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 2020, by and between the CITY OF BEAUMONT (“CITY”) whose address is 550 E. 6<sup>th</sup> Street, Beaumont, California 92223 and Cozad & Fox, Inc. a California corporation whose address is 151 S. Girard Street, Hemet, CA 92544 (“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 desires to engage CONTRACTOR to provide Professional Engineering Services for 2<sup>nd</sup> Street Extension Design Project CIP 2019-009; and
- B. CONTRACTOR has made a proposal (“Proposal”) to the CITY to provide such professional services, which Proposal is attached hereto as Exhibit “A”; and
- C. CONTRACTOR agrees to provide such services pursuant to, and in accordance with, the terms and conditions of this Agreement, and represents and warrants to CITY that CONTRACTOR possesses the necessary skills, licenses, certifications, qualifications, personnel and equipment to provide such services.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing Recitals and mutual covenants contained herein, CITY and CONTRACTOR agree as follows:

- 1. Term of Agreement. This Agreement is effective as of the date first above written and shall continue until terminated as provided for herein. Notwithstanding anything in this Agreement to the contrary, this Agreement shall automatically terminate after one (1) year unless extended by the parties with the approval of the City Council of the CITY.
- 2. Services to be Performed. CONTRACTOR agrees to provide the services (“Services”) as follows: Professional Engineering Services for PLC Upgrade Design CIP 2019-018 per Exhibit “A”. All Services shall be performed in the manner and according to the timeframe set forth in the Proposal. CONTRACTOR designates Mark Jeppsen 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. Notwithstanding anything in this Agreement to the contrary, total fees and charges paid by CITY to CONTRACTOR under this Agreement shall not exceed one hundred ninety-nine thousand nine hundred fifteen dollars (\$199,915.00).

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 (15<sup>th</sup>) 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 hourly fee charged is consistent with this Agreement's approved hourly rate schedule;
- b. Determination that the multiplication of the hours billed times the approved rate schedule dollars is correct;
- c. Determination that each item charged is the usual, customary, and reasonable charge for the particular item. If CITY determines an item charged is greater than usual, customary, or reasonable, or is duplicative, ambiguous, excessive, or inappropriate, CITY shall either return the bill to CONTRACTOR with a request for explanation or adjust the payment accordingly, and give notice to CONTRACTOR of the adjustment.

4.04 If the work is 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 and the Proposal. In the event that the terms of the Proposal shall conflict with the terms of this Agreement, or contain additional terms other than the Services to be rendered and the price for the Services, the terms of this Agreement shall govern and said additional or conflicting terms shall be of no force or effect.

5.02 Except as otherwise agreed by the parties, CONTRACTOR will supply all personnel, materials and equipment required to perform the Services. CONTRACTOR shall provide its own offices, telephones, vehicles and computers and set its own work hours. CONTRACTOR will determine the method, details, and means of performing the Services under this Agreement.

5.03 CONTRACTOR shall keep CITY informed as to the progress of the Services by means of regular and frequent consultations. Additionally, when requested by CITY, CONTRACTOR shall prepare written status reports.

5.04 CONTRACTOR is responsible for paying, when due, all income and other taxes, fees and withholding, including withholding state and federal taxes, social security, unemployment and worker's compensation, incurred as a result of the compensation paid under this Agreement. CONTRACTOR agrees to indemnify, defend and hold harmless CITY for any claims, costs, losses, fees, penalties, interest, or damages suffered by CITY resulting from CONTRACTOR's failure to comply with this provision.

5.05 In the event CONTRACTOR is required to prepare plans, drawings, specifications and/or estimates, the same shall be furnished in conformance with local, state and federal laws, rules and regulations.

5.06 CONTRACTOR represents that it possesses all required licenses necessary or applicable to the performance of Services under this Agreement and the Proposal and shall obtain and keep in full force and effect all permits and approvals required to perform the Services herein. In the event CITY is required to obtain an approval or permit from another governmental entity, CONTRACTOR shall provide all necessary supporting documents to be filed with such entity. . CONTRACTOR shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. CONTRACTOR represents and maintains that it is skilled in the professional 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 “B”** 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.

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 scope and/or cost of Services. All proposed changes, modifications, deletions and/or requests for additional services shall be reduced to writing for review and approval by the CITY and/or City Council.

10. Termination of Agreement.

10.01 Notwithstanding any other provision of this Agreement, CITY, at its sole option, may terminate this Agreement with or without cause, or for no cause, at any time by giving twenty (20) days’ written notice to CONTRACTOR.

10.02 In the event of termination, the payment of monies due CONTRACTOR for undisputed Services performed prior to the effective date of such termination shall be paid within thirty (30) business days after receipt of an invoice as provided in this Agreement. Immediately upon termination, CONTRACTOR agrees to promptly provide and deliver to CITY all original documents, reports, studies, plans, specifications and the like which are in the possession or control of CONTRACTOR and pertain to CITY.

11. Status of CONTRACTOR.

11.01 CONTRACTOR shall perform the Services in CONTRACTOR’s own way as an independent contractor, and in pursuit of CONTRACTOR’s independent calling, and not as an employee of CITY. However, CONTRACTOR shall regularly confer with CITY’s City Manager as provided for in this Agreement.

11.02 CONTRACTOR agrees that it is not entitled to the rights and benefits

afforded to CITY's employees, including disability or unemployment insurance, workers' compensation, retirement, CalPers, medical insurance, sick leave, or any other employment benefit. CONTRACTOR is responsible for providing, at its own expense, disability, unemployment, workers' compensation and other insurance, training, permits, and licenses for itself and its employees and subcontractors.

11.03 CONTRACTOR hereby specifically represents and warrants to CITY that it possesses the qualifications and skills necessary to perform the Services under this Agreement in a competent, professional manner, without the advice or direction of CITY and that the Services to be rendered pursuant to this Agreement shall be performed in accordance with the standards customarily applicable to an experienced and competent professional rendering the same or similar services 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, 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

Cozad & Fox, Inc.

By: \_\_\_\_\_  
Rey Santos, Mayor

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT “A”**

**PROPOSAL**

**(insert behind this page)**

**EXHIBIT “B”**

**CERTIFICATES OF INSURANCE AND ENDORSEMENTS A**

**(insert behind this page)**

April 6, 2020

**PROPOSAL FOR:  
PROFESSIONAL ENGINEERING  
SERVICES FOR 2ND STREET  
IMPROVEMENT PROJECT  
RFP NO. PW 2020-003**



Jeff Hart  
Director of Public Works  
Public Works Department  
City of Beaumont  
550 E. 6th Street  
Beaumont, CA 92223





- CIVIL / STRUCTURAL ENGINEERING
- MUNICIPAL CONSULTANTS
- SURVEYORS / PLANNERS
- WATER RESOURCES
- TRANSPORTATION

Item No.8.

April 6, 2020

Jeff Hart  
City of Beaumont  
Public Works Department  
550 E. 6<sup>th</sup> Street  
Beaumont, CA 92223

P: (951) 769-8520  
E: jhart@beaumontca.gov

**RE: PROPOSAL FOR PROFESSIONAL ENGINEERING SERVICES FOR THE CITY OF  
BEAUMONT'S 2ND STREET IMPROVEMENT PROJECT**

Dear Jeff,

**The Cozad & Fox, Inc. Team** is pleased to provide the following proposal to provide Professional Engineering Services for the 2<sup>nd</sup> Street Improvement Project. It is our understanding the City is interested in extending 2<sup>nd</sup> Street, from the westerly boundary of the Home Depot shopping center to the projected intersection at Pennsylvania Avenue. The improvements include extending 2<sup>nd</sup> Street from its existing end, near the west boundary of First Street Storage, to Pennsylvania Avenue, approximately 1,700 lineal feet. The project also includes widening 2<sup>nd</sup> Street from the existing end of the westerly boundary, near the Home Depot shopping center, extending to the west, approximately 1,150 lineal feet to the westerly boundary of the First Street Storage. The project will also require storm drain, drainage improvements, streetlights and other associated improvements.

In order to effectively administer the project, it will be divided into two phases. Phase I will be a Feasibility Study to identify critical issues in implementing the project. Phase II will consist of Final Engineering to create the Final Design and Bid Documents. The **City of Beaumont** is seeking a highly capable team to provide Phase I and Phase II services. It is understood that Phase II is subject to the discretion of the City and funding. **Cozad & Fox, Inc.** will lead a highly qualified team comprised of **Sladden Engineering** for the Geotechnical Report, **Matthew Fagan Consulting Services** to address the California Environmental Quality Act (CEQA) requirements of the project. As a subconsultant to **Cozad & Fox, Inc.**, **RK Engineering Group, Inc.** will address the Air Quality and Traffic Issues. **Searl Biological Services** will address the Environmental and Jurisdictional Issues and Permits, and **CRM Tech** will prepare the Cultural Resources Assessment.

**The Cozad & Fox team** will provide exceptional service in Phase I, by working closely with the City in determining the Feasibility and developing conceptual plans. The work product from Phase I will seamlessly roll over into Phase II. This will enable **Cozad & Fox, Inc.** to complete the design of the street improvements on time and on schedule.

**Cozad & Fox, Inc.** specializes in street and utility design and know the challenges that arise when working with existing streets and utilities. **Cozad & Fox, Inc.** has developed professional relationships with many of the local and regional agencies like Riverside Economic Development Agency and Riverside County Transportation Department.

With current economic conditions, we know the City has a limited amount of funding for the project. We understand the necessity to extend 2<sup>nd</sup> Street intersection and we will strive to design and provide customer service support that will surpass your expectations. Because of the City's interest in extending 2<sup>nd</sup> Street, we intend to jump right in after City approval and provide you with a Feasibility Study and preliminary design for extending 2<sup>nd</sup> Street. This will expedite the City's review of the concept and they can begin considering the design that best meets the needs of the City.

**We also expect to provide you with a preliminary construction cost estimate so the City will know what each component of the project will cost right up front.** In this way you will be able to make informed choices.

Finally, **Cozad & Fox, Inc. pays close attention to detail** and will provide you with esthetically pleasing and cost-effective street improvement project. We will provide you excellent results to meet your budget and scheduling requirements because:

- **We have extensive experience with street improvement projects.**
- **We know how to work with agencies and contractors** to avoid scheduling and construction problems.
- **Our team has extensive experience with obtaining environmental permits with multiple agency requirements** and can effectively coordinate and incorporate all elements of the project.
- **We have a track record of doing just these same types of community improvement projects for other nearby cities.**
- As we design, **we will value engineer each component of the project** and make suggestions to the City for cost effective alternatives.
- The combination of our in-house constructability review, experience in design and construction of street improvements, and construction administration, **will give the City the ability to weigh options and alternatives. This will provide the City of Beaumont with excellent quality control and effective results.**

We have a good track record and we are more than willing to bring our team in to discuss how we can successfully help the City implement this project.

Thank you,



Brian Fox, P.E., P.L.S.  
President / Principal

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## INTRODUCTION / INFORMATION

### STATEMENT OF UNDERSTANDING

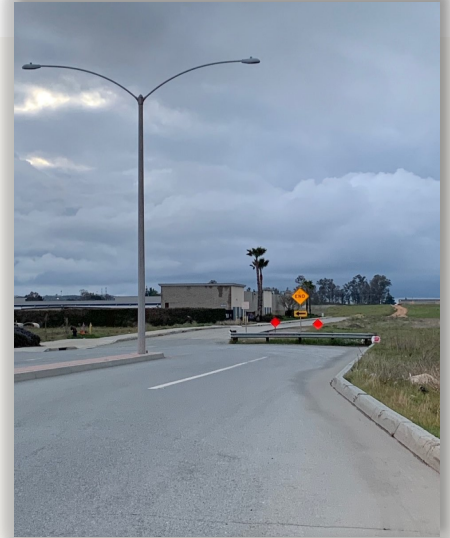
It is our understanding that the City is interested in extending 2<sup>nd</sup> Street, from the westerly boundary of the Home Depot shopping center to the projected intersection at Pennsylvania Avenue. The improvements include extending 2<sup>nd</sup> Street from its existing end near the west boundary of First Street Storage, to Pennsylvania Avenue, approximately 1,700 feet. The project also includes widening 2<sup>nd</sup> Street from the existing end, to the westerly boundary of the Home Depot shopping center, approximately 1,150 feet storm. The project will also require storm drain and drainage improvements, and associated improvements.

In order to effectively administer the project, it will be divided into two phases. Phase I will be a Feasibility Study to identify critical issues in implementing the project. Phase II will consist of Final Engineering to create the Final Design and Bid Documents. After Phase I is complete, the results will dictate the exact environmental and biological surveys that will be required. **It is anticipated that some of the biological surveys will not be required.**

The **City of Beaumont** is seeking a highly capable team to provide Phase I and Phase II services. It is understood that Phase II is subject to the discretion of the City and funding. **Cozad & Fox, Inc.** will lead a highly qualified team including **Sladden Engineering** for the geotechnical report, **Matthew Fagan Consulting Services** to address the California Environmental Quality Act (CEQA) requirements of the project. As a subconsultant to **Cozad & Fox, Inc.**, **RK Engineering Group, Inc.** will address the air quality and traffic issues, **Searl Biological Services** will address the environmental and jurisdictional issues and permits, and **CRM Tech** will prepare the cultural resources assessment.

Our Engineers have extensive field survey experience, therefore we see the project from the prospective of the office and the field. Our experience in surveying, site design ADA compliance, roadway design and hydrology, hydraulics, culvert and bridge design, sound wall design, retaining wall design and construction administration means our team can assist the City with all aspects of the project.

The team that Cozad & Fox, Inc. will provide to the City for this project will include Brian Fox, P.E., P.L.S., Principal/Lead Project Manager and Myron Fikse, P.E., as Project Manager.



## APPROACH

### APPROACH TO DELIVERING SERVICES

Upon award of the project, the team of **Cozad & Fox, Inc.** will initially meet with the City's Project Manager and staff to discuss design options, environmental issues and improvements. Our initial focus will be to investigate existing drainage courses. Our subconsultant, **Searl Biological Services** will also focus on the Habitat Assessment to determine the necessary biological surveys. Our team will also focus early in the project on utility conflicts and status of existing Right-of-Way, this will affect the civil plans related to drainage, particularly with diverting drainage to the , this may change the direction of the project.

Brian Fox, R.C.E., P.L.S. , will be the Principal in Charge and will maintain close communication between our Project Manager, Myron Fiske, P.E. and the City's Project Manager. Our team will provide weekly updates to the City's Project Manager and presentations to the City as requested. We will actively engage in Phase I and review with the City at 30%, 60% and 90% stages of the preliminary plan and Feasibility Study development process.

Once Phase I is completed and the City has approved the Preliminary Plan and issue a notice to proceed to Phase II, our team will begin Final Design. Our subconsultant , **Searl Biological Services** will perform the biological survey and **Matthew Fagan Consulting Services, Inc.** will begin the CEQA approval process. **Cozad & Fox, Inc.** will begin preparing Final Improvement Plans for Streets, Signing and Striping, Storm Drain and Specifications. Technical Specifications will be submitted for City review at 60%, 95% and 100% progress levels. It is our understanding the City staff will be preparing the General Specifications. **Cozad & Fox, Inc.** will prepare a Drainage Study for the design of the street capacity, storm drain system and culvert crossings. At the 95% to 100% progress level, the Final Cost Estimate will be completed.

**Cozad & Fox, Inc.** believes that strong, proactive project management is key to successful project delivery. We have assembled our team to provide the responsiveness and high-quality services that is expected by all of our clients. This is accomplished by placing a dedicated and experienced project manager in charge of the team and placing everyone on the correct path to achieve project goals. Brian Fox possesses strong communication skills that helps delivering the unique goals described in our understanding discussion and requirements of the project, as well as, the procedures and policies of the **City of Beaumont** and other stakeholders involved in this project.



## APPROACH

Brian Fox will lead the **Cozad & Fox, Inc.** team and will ensure that we function as a true extension of **City of Beaumont** staff. Brian has extensive experience delivering wastewater projects with a holistic approach throughout Southern California. He has earned a reputation with our clients for being highly responsive, reliable, anticipate client's needs and consistently providing exceptional service.

The **City of Beaumont** can depend on **Cozad & Fox, Inc.** to keep you informed of progress, decisions needed, and milestones for the duration of each project. Brian will manage our key and supporting internal staff, and subconsultant staff to ensure all tasks in our scope of work are completed while meeting the City's goals, managing risk, maintaining the schedule, and staying on budget.

Our approach will safeguard against duplication of effort or omission of service, and results in successful projects. Some of the keys to our approach to this project are as follows:



**PROJECT COMMUNICATIONS** –To facilitate a coordinated effort, we will approach this project as an opportunity to develop a partnership between the **City of Beaumont** and **Cozad & Fox, Inc.** Our team will develop the Feasibility Study and Plans in collaboration with your staff. Once approved, we will distribute the plan to the City, the design team, and any key stakeholders as needed for implementation. It is essential that our team completely engages all stakeholders during the project duration as discussed throughout our project approach and understanding. In the past, **Cozad & Fox, Inc.** has teamed and worked along-side key members and decision makers from Riverside County, Riverside County Flood Control, Beaumont Cherry Valley Water District to name a few. Staff comments and suggestions will be communicated at the appropriate staff level to foster efficiency and teamwork. This will result in meeting project objectives and ensuring all information is clearly communicated between team members.

**MONITORING PROJECT COSTS** – Street Improvement Projects can be expensive, especially without close supervision. For this project, **Cozad & Fox, Inc.** will identify improvements needed and comply with the **City of Beaumont**, standards while minimizing public inconvenience. Brian and each of our key staff will monitor project costs while continuously seeking cost reductions through value engineering during project development.

**LEADERSHIP** – **Cozad & Fox, Inc.** will focus on coordinating with the City and other key agencies involved; maintaining schedules, tracking budgets, and concentrate on making continuous progress on all project fronts. Our key team members will oversee the design, right-of-way and environmental work and collaborate closely with your staff. The City can expect responsiveness, accountability and quality deliverables for the duration of the project.

**KEY STAFF AVAILABILITY AND FACILITIES RESOURCES** – **Cozad & Fox, Inc.** are committed to providing the **City of Beaumont** with a team of exceptional key staff, supporting staff and subconsultants who will be available and responsive to the City's needs for the duration of the project. We have assembled a highly experienced group of individuals dedicated to successfully delivering your project on time and within budget.

**PROJECT SCHEDULE** – Upon award, **Cozad & Fox, Inc.** will develop a comprehensive design schedule which identifies all critical tasks, and will effectively use it to ensure tracking critical path items. This focus on project schedule will ensure that our team will meet the goals of the project and consistently provide quality deliverables you expect. A detailed schedule and discussion highlighting the deliverables and dates are included with the schedule exhibit following our scope of services.

## FIRM PROFILE / LOCATION

### OUR FIRM

**Cozad & Fox, Inc.** is a high performing, award-winning Professional Services firm providing Civil/Structural Engineering and Land Surveying Services to cities and municipalities throughout Southern California. We have a proven history of proactive design, project management and delivering high-quality projects. Our solutions have benefitted all types of transportation improvement projects including highways, bridges and pedestrian facilities.

Our team is ideally suited to provide top-tier engineering solutions to **the City of Beaumont**. Our staff and subconsultants bring unique and unmatched experience in providing the services outlined in **the City's** RFP from experiences with other cities, counties and municipalities. Our quality control is unparalleled as we are not a network of small regional offices. We have one, local office that gives our local clients access to our entire staff and specialties.

We have earned a reputation for providing our clients with unmatched, high-quality deliverables on every project. Our extensive portfolio is built on complex projects with accelerated schedules.

**Cozad & Fox, Inc.** is located in Hemet and provides Professional Engineering, Land Surveying and Construction Administration Services for street improvements, pipelines, tanks, park sites, library sites, , street repaving projects, roadway widening projects, right-of-way dedication, easement acquisition, water and sewer pipelines, water storage tanks, environmental review and permit processing and other specialty services.

**Cozad & Fox, Inc.** has been in business since 1977, providing quality service and expertise for over 43 years. Our Civil Engineers and Surveyors have over 95 years combined experience and are always directly involved with performing, reviewing, and quality assurance checking your projects.

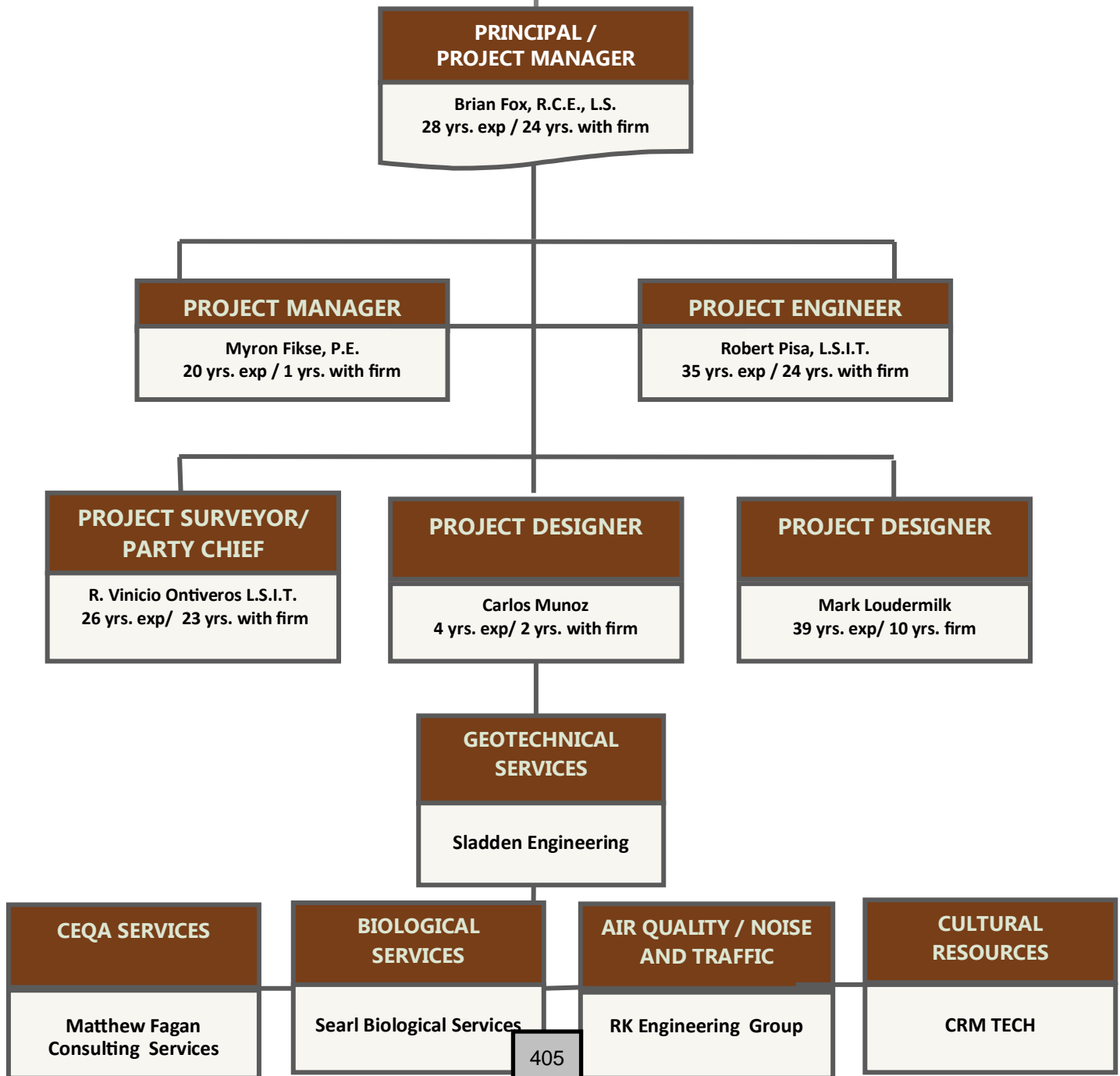
### ENGINEERING DESIGN EXPERTISE

**Cozad & Fox, Inc.** has been trusted by local and state agencies throughout the region. We have delivered hundreds of similar projects in our 43 years of experience in the industry. Our design team has extensive knowledge of **City of Beaumont**, County of Riverside, MUTCD, RCFCWCD, design standards as well as excellent working knowledge of transportation structures and alternative transportation facilities. We are currently providing design services to agencies such as **County of Riverside, County of Riverside Economic Development Agency, Beaumont Cherry Valley Water District, City of Banning**, , and **Eastern Municipal Water District**.

### COZAD & FOX, INC. AT A GLANCE

- ◆ Founded in 1977
- ◆ Office Location: 151 S. Girard Street, Hemet, California 92544
- ◆ California Corporation
- ◆ 43 Years in business
- ◆ Exemplary Services Provided to:
  - Riverside County Economic Development Agency
  - Riverside County Transportation Department
  - Riverside County Flood Control and Water Conservation District
  - Eastern Municipal Water District
  - Beaumont Cherry Valley Water District
  - Lake Hemet Municipal Water District
  - Vista Irrigation District
  - City of Banning
  - City of Hemet
  - City of Meniffee

**ORGANIZATION, KEY PERSONNEL AND RESUMES**



## RESUMES OF KEY PERSONNEL



### BRIAN FOX, PE, PLS

Brian Fox has over 28 years of experience, he joined the firm of **Cozad & Fox, Inc.** in September of 1990. Mr. Fox has also worked for Metropolitan Water District where he performed GPS surveys at the Eastside Reservoir Project. While with MWD, Mr. Fox also performed construction surveys for pipelines, treatment facilities and pumping plants.

Mr. Fox’s educational background includes a Bachelor of Science degree in Civil Engineering with Survey Option from California State Polytechnic University, Pomona, where he graduated Cum-Laude. He has also received a Master of Engineering degree from California State Polytechnic University, Pomona. In addition, he has completed extensive civil engineering course work at California State University, Long Beach.

As Project Engineer and Project Manager, Mr. Fox has been the team leader for both public and private sector civil engineering projects. Mr. Fox’s experience includes subdivision map checking, legals and plats, GPS, topographic, and construction surveys; design of grading, drainage, and storm drain facilities; street and highway improvements; water and sewer improvements; storm channels; and hydrology and hydraulic studies. His particular interest in GPS and computers has led to an extreme proficiency with current engineering and drafting methods.

Mr. Fox is a member of Chi-Epsilon, the Civil Engineering Honor Society; Tau Beta Pi; Phi Kappa Phi, the top 5 percent honor society; and Golden Key National Honor Society.

**ROLE**

Principal

**EDUCATION**

Civil Engineering-Survey Option  
 California State Polytechnic University, Pomona, 1995  
 Masters – Structural Engineering  
 California State Polytechnic University Pomona, 2001

**REGISTRATIONS**

Registered Civil Engineer  
 No. 57264,  
 California  
 Professional Land Surveyor  
 No. 7171,  
 California  
 QSD/QSP 2016-2017  
 Certificate No. 00967

**YEARS OF EXPERIENCE**

28

**AFFILIATIONS**

California Land Surveyors Association  
 Chi Epsilon  
 Tau Beta Pi  
 Phi Kappa Phi  
 Golden Key National Honor Society

**AVAILABILITY**

20 percent



**MYRON FIKSE, PE**

Myron Fikse is a Professional Civil Engineer and brings 20 years experience to **Cozad & Fox, Inc.** Mr. Fikse has designed and prepared water, sewer and power generation projects for several municipalities including Lake Hemet Municipal Water District and Eastern Municipal Water District. He has also used his skills to design several water pipeline projects internationally in Dubai, Bahrain and the Kingdom of Saudi Arabia. Mr. Fikse also served as Senior Engineer at the City of Menifee and oversaw the land development program.

Mr. Fikse’s experience includes both design, construction and operation of complex water and wastewater systems including pipelines, pump stations, treatment facilities and power generation installations. He also has experience in the Oil and Gas Industry, Offshore and onshore platforms as well as military installations. His educational background consists of a Bachelor of Science in Civil Engineering from the University of Nevada, Las Vegas. He recently spent several years at Eastern Municipal Water District providing engineering services to their Operations and Maintenance divisions for their pipelines, booster stations, treatment plants and power generation facilities.

Some high-profile noteworthy projects that Mr. Fikse has been influential on are:

- ◆ CityCenter Las Vegas, Tutor Perini, MEP Coordinator, 2010
- ◆ King Abdullah’s University of Science and Technology, Independent Contractor, Civil Engineer, 2016-2019
- ◆ EMWDs 23 MGD expansion in Temecula, California, Civil Engineer, 2018
- ◆ EMWD 5MW Solar Installation, Multi-city, Civil Engineer, 2016-2017

As a Project Manager, Mr. Fikse brings all the experience and knowledge he has gathered from his work both in the United States and around the globe.

**ROLE**

Project Manager

**EDUCATION**

Bachelor of Science –  
 Civil Engineering  
 University of Nevada, Las Vegas.

**REGISTRATIONS**

Registered Civil Engineer  
 No. 85840, California

**YEARS OF EXPERIENCE**

20

**TRAINING**

AutoCAD  
 Micro Station  
 WaterCAD  
 ArcGIS  
 HEC-RAS

**AVAILABILITY**

40 percent



**ROBERT PISA, LSIT**

Robert Pisa has over 36 years of experience; he joined the firm of **Cozad & Fox, Inc.** in 1995 after two years with J. N. Beeler and Associates of Riverside. His initial training in the engineering field began in 1980 while enlisted in the United States Air Force and included being selected to attend the military’s Advanced Engineering Design School. After leaving the Air Force, Mr. Pisa worked on the Space Shuttle Program for Lockheed Space Operations Company at Vandenberg Air Force Base as a Designer for Facilities Support. In 1986, Mr. Pisa went to work for M. K. Welch Surveys of Santa Maria, California, developing his experience with state-of-the-art computerized surveying and engineering practices. Mr. Pisa relocated to the Inland Empire in 1991.

**ROLE**

Project Engineer

**EDUCATION**

A.S. – Animal Husbandry, State University of New York at Morrisville  
 Advanced Engineering Design School – U.S.A.F.  
 Bachelor of Arts – Liberal Studies California State University, San Bernardino

**YEARS OF EXPERIENCE – 36**

**REGISTRATIONS**

Land Surveyor-In-Training  
 No. 4493, California

**AVAILABILITY – 60 percent**

Mr. Pisa has served as Project Engineer for public and private sector civil engineering projects. His experience includes designing, grading and drainage plans, design of storm drainage facilities, street improvement plans, water and sewer plans, topographic surveys, construction surveys, and survey maps required by the Subdivision Map Act.



**R. VINICIO ONTIVEROS, LSIT, BSCE**

Mr. Vinicio Ontiveros has over 23 years’ experience, he began his career in civil engineering and land surveying in 1991 and has since performed civil engineering design and land surveying in Riverside, Orange, and Los Angeles counties. In 1993, Mr. Ontiveros returned to University of Mexico to complete his Civil Engineering degree. Mr. Ontiveros received a Bachelor of Science degree in Civil Engineering from University of Mexico in 1995.

**ROLE**

Project Surveyor

**EDUCATION**

Bachelor of Science – Civil Engineering  
 University of Mexico

**REGISTRATIONS**

Land Surveyor-In-Training  
 No. 6344, California

**YEAR OF EXPERIENCE – 23**

**AVAILABILITY–50 percent**

Mr. Ontiveros’s experience includes topographic and construction surveying, design of grading and drainage plans, street improvement plans, water and sewer plans, and storm drain plans. Mr. Ontiveros is well versed in AutoCAD and MicroStation, and has developed expertise in Civil Engineering software such as Land Development Desktop and Eagle Point.





**MARK LOUDERMILK**

Mark Loudermilk has 35 years’ experience and worked previously with **Cozad & Fox, Inc.** as a Senior Project Designer supervising designers and CADD staff assigned to projects. He has performed the horizontal and vertical design of streets, sewer, water, and rough and precise grading of residential projects. Prepare improvement plans for all aspects of residential projects. Calculate earthwork and construction materials quantities and cost estimates. Recent projects include the horizontal and vertical design of all site and utility improvements for City of Claremont Redevelopment Project. Mark has prepared all improvement plans, calculated earthwork and construction materials quantities and cost estimates for the redevelopment project. Represented the civil engineer in meetings with City/Developer, architect, and utility purveyors. Design and prepare improvement plans for expansion of 29 Palms Airport including new runway, taxiways, and airside improvements.

**ROLE**  
 Senior Project Designer

**EDUCATION**  
 Associate of Science Degree  
 2009 - 2010  
 ITT Technical Institute, San Bernardino,  
 Associate of Science Degree in  
 Computer Network Systems  
 Management  
 4.0 GPA, Class Valedictorian,  
 National Honor Society

**YEARS OF EXPERIENCE – 35**

**AVAILABILITY – 50 percent**



**CARLOS MUNOZ**

Carlos Munoz has over 4 years’ experience of Engineering Drafting/ Designer experience and joined the firm at **Cozad & Fox, Inc.** in 2018. His experience includes various Civil Engineering projects such as street improvement plans, water pipelines, sewer pipelines, grading/drainage plans and design of storm drainage facilities. Mr. Munoz is highly proficient in utilizing design software such as Civil 3D and MicroStation. He also has experience preparing “As-Built” plans for municipal agencies. His GIS experience includes creating spatial tabular datasets in ArcGIS and preparing maps for municipal agencies.

Carlos has also completed numerous Engineering and Land Surveying courses at Mt. San Jacinto College and is planning to transfer to Cal Poly Pomona.

**ROLE**  
 Engineering Technician

**EDUCATION**  
 MSJC – Currently Attending  
 Completed Engineering and  
 Land Surveying Courses.

**YEARS OF EXPERIENCE – 4**

**AVAILABILITY – 60 percent**

## SUBCONSULTANT RESUMES

### Sladden Engineering, Inc.



#### *Geotechnical Engineering*

**Sladden Engineering, Inc.** has provided comprehensive geotechnical engineering services for a wide spectrum of civil engineering projects. **Sladden Engineering** assists governmental agencies, developers, construction managers, and other design professionals from the preliminary design phases of a development through construction. Our complete scope of services provides our clients with consistency and continuity throughout the development and construction process.

*Sladden Engineering, Inc. is a trusted partner for Cozad & Fox, Inc. We have worked together with Sladden Engineering, Inc. on countless projects throughout Southern California including: City of Banning, Beaumont Cherry*

### Matthew Fagan Consulting Services, Inc.

#### *CEQA and Environmental Services*

**Matthew Fagan Consulting Services, Inc.** provides Cities with the support and services in preparing environmental documentation that will determine whether the impacts of the proposed project will require the adoption of a Negative Declaration or Certification of an Environmental Impact Report. This proposal outlines the work eff

*Matthew Fagan Consulting Services, Inc. has provided Cozad & Fox, Inc. excellent Environment Services on numerous projects throughout Southern California. Their knowledge of CEQA and other environmental issues makes them a valuable asset to any design team. Cozad & Fox, Inc. has teamed with Matthew Fagan Consulting on*

### Searl Biological Services



#### *Biological Services*

**Searl Biological Services, Inc.** provides comprehensive environmental compliance surveys and analyses. The company has experience conducting such analyses in Los Angeles, Riverside, San Bernardino, and San Diego Counties. In Riverside County, **Searl Biological Services, Inc.** specializes in Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP).

*Searl Biological Services, Inc. has provided Cozad & Fox, Inc. excellent Biological Services on numerous projects throughout Southern California. Their knowledge of MSHCP and other biological issues makes them a valuable asset to any design team. Cozad & Fox, Inc. has teamed with Searl Biological Services on projects for Beaumont Cherry Valley Water District, the City of Banning as well as other municipalities and government agencies.*

## SUBCONSULTANT RESUMES

### RK Engineering Group, Inc.



#### *Air Quality / Greenhouse Gas / Energy and Noise Studies*

**RK Engineering Group, Inc.** is dedicated in providing consulting services for Transportation Planning, Traffic Engineering and Environmental Engineering (including both Acoustical Engineering and Air Quality impact studies) throughout Southern California. Over the past 40 years, **RK Engineering Group, Inc.** has completed numerous projects for both public municipalities and private clientele in the following counties: Orange County, Riverside County, Los Angeles County, San Bernardino County, San Diego County and Ventura County.

### CRM TECH



#### *Cultural Resources Assessment and Paleontological Resources*

**CRM TECH** is a full-service cultural resources management consulting firm that has been providing services to a wide variety of public agencies, environmental firms, private developers and individuals since 1993. **CRM Tech** has

## PROJECT EXPERIENCE

### Stetson Bridge

#### City of Hemet

The Stetson Avenue bridge crossing the Hemet Storm Channel, adjacent to the railroad tracks was in poor condition and presents a traffic safety hazard to the City of Hemet. The bridge was constructed by the County of Riverside in 1940 and included concrete abutments, heavy wood stringers and wood decking covered by asphalt. The original bridge was constructed at a time when the area was rural and there was very little traffic along this stretch of Stetson Avenue. Today, Stetson Avenue is heavily traveled by commuters and trucks.

The project included removing the existing bridge over the flood control channel and constructing a new bridge that will be able to serve City of Hemet and it's growing commercial industry.

**Cozad & Fox, Inc.** partnered with the City of Hemet and CalTrans to provide Preliminary Design as well as Project Management and Contract Administration for the project during construction. **Cozad & Fox, Inc.** served as Resident Engineer for the project as well as coordinating all inspections and preparation of record drawings.

Project was completed in 2019



### RELATIVE EXPERIENCE

#### CLIENT CONTACT/ REFERENCE

Robert Vestal, PE (Currently with City of Beaumont)  
 Engineering

City of Hemet  
 (951) 765-2300

#### **Cozad & Fox, Inc.**

#### Key Personnel

Brian Fox, P.E., L.S.  
 Bob Pisa, L.S.I.T.

#### **KEY SERVICES PROVIDED**

- Preliminary Design
- Project Management
- Contract Administration
- Inspection Services

## PROJECT EXPERIENCE

### Ramsey and Hargrave Street Improvements

#### City of Banning

Ramsey Street and Hargrave street are heavily traveled streets in the City of Banning. The City initiated a project to rehabilitate and resurface Ramsey and Hargrave. **Cozad & Fox, Inc.** partnered with The City of Banning to provide Preliminary and Final design services as well as survey services utilizing our in-house survey department. Cozad & Fox, Inc. also performed all construction services.

The project included widening the intersection of Hargrave and Ramsey to accommodate additional travel lanes as well as coordinating with utilities to relocate storm drain facilities owned by Riverside County Flood Control and distribution waterlines operated by the City of Banning.

Design and construction of the roadway required dedication of Right-of Way to the City of Banning. **Cozad & Fox, Inc.** provided Right-of-Way services to the city which allowed the City of Banning to streamline the acquisition.

One of the unique aspects of this project was the alternative alignments to avoid certain utilities. **Cozad & Fox, Inc.** developed several exhibits and cost estimates to help the City determine the most feasible alignment.

Project is currently under construction



413

### RELATIVE EXPERIENCE

#### CLIENT CONTACT/REFERENCE

Art Vela, P.E.  
 Director of Public Works/  
 City Engineer

City of Banning  
 (951) 922-3130

#### Cozad & Fox, Inc. Key Personnel

Brian Fox, P.E., L.S.  
 Robert Vestal, P.E., L.S.I.T.  
 Bob Pisa, L.S.I.T.  
 R. Vinicio Ontiveros, L.S.I.T.

#### KEY SERVICES PROVIDED

- Preliminary Design
- Final Design
- Project Management
- Surveying
- Construction Services

## PROJECT EXPERIENCE

### Rubidoux Boulevard Street Improvement Project

Riverside County Economic Development Agency



Pedestrian travel is heavy along Rubidoux Boulevard between Mission Boulevard and the 60 Freeway, particularly for children at Arbuckle Elementary School. Sections of street curb and sidewalks are deteriorating. Other sections have no sidewalks for pedestrian traffic. The Riverside County Economic Development Agency’s (EDA) Rubidoux Boulevard Project is to construct new infill sidewalks, street curbs, driveways, streetlights, street repair, slurry seal of existing pavement and add new street striping to provide safe student

travel and to meet the Americans with Disabilities Act (ADA) requirements for accessible routes.

EDA selected **Cozad & Fox, Inc.** to provide **construction administration** services for the Street Improvement Project. **Cozad & Fox, Inc.** administered the construction contract and orchestrated weekly on-site meetings, provided on-site observation and continuous inspection of work, responded to RFI’s, processed change orders, processed shop drawings, reviewed submittals, provided construction surveying, directed the geotechnical testing and inspection, reviewed and authorized invoicing and determined the acceptability of the work. **Key aspects of our services include making sure the contractor stays on schedule and is coordinating with the utility consultant, not significantly disrupting traffic and working with the local community to provide access.**

**Cozad & Fox, Inc.** was well prepared to tackle the challenges on this project and still watch out for EDA’s interest. Our survey crews were also available to provide construction survey staking and check design grades to make sure driveways work and the pedestrian path of travel is in compliance with ADA. Because coordination with the local utility agencies is also so vital for this type of project, **Cozad & Fox, Inc. performed a constructability review of the plans prior to construction, worked closely with Strategic Connections, Inc. to synchronize construction with SCE, coordinated field adjustments of water meters and other services and closely monitored the contractor to make sure there were no delays or cost overruns associated with the utility agencies**



### RELATIVE EXPERIENCE

#### CLIENT CONTACT/REFERENCE

Richard Medina  
 Project Manager

Riverside County Economic Development Agency  
 (951) 955-9627

#### Cozad & Fox, Inc.

#### Key Personnel

Brian Fox, P.E., L.S.  
 Bob Pisa, L.S.I.T.

#### KEY SERVICES PROVIDED

- Construction Administration
- Project Management
- QA/QC

## REFERENCES

<p><b>CITY OF BANNING</b>                  CIVIL ENGINEERING AND SURVEYING SERVICES                  Ramsey Street Widening Project</p>	<p><b>Art Vela, PE</b>                  Director of Public Works                  (951) 922-3130</p>
<p><b>CITY OF HEMET</b>                  CIVIL ENGINEERING AND SURVEYING SERVICES                  Stetson Avenue Bridge crossing the Hemet Storm Channel</p>	<p><b>Robert L. Vestal, PE (Currently with City of Beaumont)</b>                  Engineering                  (951) 765-2300</p>
<p><b>THE ECONOMIC DEVELOPMENT AGENCY</b>                  CIVIL ENGINEERING AND CONSTRUCTION SURVEYING SERVICES                  Design of Street Improvement Plans, construction surveying, and construction management for the Limonite Street Improvement Project</p>	<p><b>Charles Waltman, Deputy Director</b>                  (951) 955-4897  <b>Susana Orozco, Project Manager – 2nd Division</b>                  (951) 955-9627</p>
<p><b>THE ECONOMIC DEVELOPMENT AGENCY</b>                  CIVIL ENGINEERING AND SURVEYING SERVICES                  Design of on-site improvement plans for the Riverside County Transportation Department’s Pedley Yard.</p>	<p><b>Bob Lucas, Senior Project Manager</b>                  (951) 955-9732</p>
<p><b>THE ECONOMIC DEVELOPMENT AGENCY</b>                  CIVIL ENGINEERING AND SURVEYING SERVICES                  Design of on and off-site improvement for the Rubidoux Library</p>	<p><b>Sterlon Sims</b>                  Project Manager                  (951) 955-9056</p>
<p><b>BEAUMONT-CHERRY VALLEY WATER DISTRICT</b>                  CIVIL ENGINEERING AND SURVEYING SERVICES                  Provide Pipeline and Tank Design Services for Nobel Tank and Pipeline</p>	<p><b>Dan Jagers, PE</b>                  General Manager                  (951) 845-9581</p>
<p><b>EASTERN MUNICIPAL WATER DISTRICT</b>                  ON-CALL ENGINEERING AND SURVEYING SERVICES ANNUAL CONTRACTS                  Multiple projects, annual agreements for civil engineering, surveying, and environmental design services for major water and reclaimed water transmission pipelines and major gravity sewers</p>	<p><b>John Wuerth,</b>                  Project Engineer                  (951) 928-3777</p>
<p><b>LAKE HEMET MUNICIPAL WATER DISTRICT</b>                  CIVIL ENGINEERING AND SURVEYING SERVICES                  Provided surveying, design, and construction surveying services for replacement of waterlines as part of Lake Hemet Municipal Water District’s Leaky Pipe Replacement Project. Provided design and surveying services for construction of raw water irrigation projects and tank inspections.</p>	<p><b>Mike Gow, PE</b>                  General Manager                  (951) 658-3241</p>

## SCOPE OF SERVICES

### PROJECT UNDERSTANDING

**Cozad & Fox, Inc.** understands that the **City of Beaumont** is interested in extending 2nd Street, from the westerly boundary of the Home Depot shopping center to the projected intersection at Pennsylvania Avenue. This improvement includes the design of a new road extension from the Home Depot Shopping Center to Pennsylvania Avenue. Currently both vehicular and pedestrian traffic travels on 1st street to Commerce Way. This improvement would provide a safe and easy access to the commercial development for both pedestrians and vehicles from the west.

It is our understanding the project will be divided into two phases. Phase I will be a Feasibility Study and Phase II will be Final Engineering. Therefore, the City is seeking a team of consultants to provide Phase I and Phase II services that are subject to the discretion of the City and funding. **Cozad & Fox, Inc.** intends to team with **Sladden Engineering** for the geotechnical report, **Matthew Fagan Consulting Services** to address the California Environmental Quality Act (CEQA) requirements of the project. As a subconsultant to **Cozad & Fox, Inc.**, **RK Engineering Group, Inc.** will address the air quality and traffic issues, **Searl Biological Services** will address the environmental and jurisdictional issues and permits, and **CRM Tech** will prepare the cultural resources assessment.

**Cozad & Fox, Inc.** will design a road extension from the Home Depot Shopping center to Pennsylvania Avenue. Working with Flood Control and Water Conservation District, **Cozad & Fox, Inc.** will design a road section over the existing Culvert and design new culverts for the water crossings on the west side of the project. **Cozad & Fox, Inc.** will insure that the culverts will convey the proper water flow to the satisfaction of the **City of Beaumont** and Riverside County Flood Control and Water Conservation District. **Cozad & Fox, Inc.** will provide a design for a roadway that is functional and is compliant with the approved cross section.

**Cozad & Fox, Inc.** will coordinate the utility conflicts with local utility companies in a manner that creates a roadway and meets the design criteria of the City. Storm Drain Lines operated by the Riverside County Flood Control District and the City of Beaumont will be constructed to the satisfaction of the respective entities.

**Cozad & Fox, Inc.** will utilize **Mathew Fagan Consulting Services, Inc.** to prepare the CEQA documentation for this project. **Mathew Fagan Consulting Services, Inc.** will commence the preparation of the Initial Study (IS) following the kickoff meeting with the Client, Project Team, and County. **Mathew Fagan Consulting Services, Inc.** will prepare an analysis of the project under CEQA to ensure all potential affects have been analyzed and disclosed. **Mathew Fagan Consulting Services, Inc.** approach to providing this analysis is to provide a quantitative and qualitative evaluation that clearly defines the project's actions and the potential impacts it could have on the project site and surrounding environment.

**Cozad & Fox, Inc.** will design effective signage and striping for the project as well as phasing and any detouring plans needed during the construction of the project to minimize the effect to the Beaumont driver or pedestrian.

**Cozad & Fox, Inc.** will utilize **RK Engineering Group, Inc.** for the roadway extension that will require an **Air Quality/Greenhouse Gas/Noise Study**. **Cozad & Fox, Inc.** will utilize **Searl Biological Services** for all **Biological Resource Studies**, the study will consist of the MSHCP requirements as well as a Jurisdictional Delineation by the USACE, CDFW and the RWQCB. **Cozad & Fox, Inc.** will utilize **CRM Tech** for **Cultural Resource Study**. **Cozad & Fox, Inc.** has also identified that a successful roadway extension may require a **CDFW 1600 Stream Alteration Agreement, a RWQCB 401 Clean Water Agreement, and an USACE 404 Permit**. **Searl Biological Services** will prepare the Regulatory Agency Permits for the project.



## SCOPE OF SERVICES

### PHASE I – FEASIBILITY STUDY

### DELIVERABLES

#### TASK 1 – PROJECT MANAGEMENT

##### 1.1 – Project Management

Cozad & Fox, Inc will plan, organize, direct and monitor project work activities and resources based on the schedule and budget. This includes general project management (Including monthly status reports and invoices) as well as responding to the project management needs of the **City of Beaumont**

- ◆ **Monthly Progress Reports and Invoices**

##### 1.2 – Meetings

Cozad & Fox, Inc will lead the design team meetings for this project and create meeting agendas, meeting minutes, and action items. **Cozad & Fox, Inc** will also schedule and hold a kick-off meeting for this project. Design team meetings will be monthly and at key project milestones. It is anticipated that after the kick-off meeting, additional meetings will be at 30%, 60%, 90% of the stages the Feasibility Study.

- ◆ **Meetings**
- ◆ **Kick-off Meeting Agenda**
- ◆ **Meeting Agenda, Minutes, and Action Items**

#### TASK 2 – FEASIBILITY STUDY

##### 2.1 – Feasibility Study

Based on input from our entire team, **Cozad & Fox, Inc.** will prepare a feasibility study for the project identifying reporting requirements, as well as potential conflicts that will need to be addressed in Phase 2. The feasibility study will address potential environmental reporting requirements of CEQA, CFW, WQRCB, as well as any critical MSHCP, Jurisdictional or Cultural reporting requirements. The study will also identify hydrological and hydraulic requirements of the project that will need to be addressed in Final Engineering. Potential utility conflicts and Right-of-Way issues will be identified in the feasibility study to ensure that they are resolved in Final Engineering. Finally, the Feasibility Study will include an itemized cost estimate for budgetary purposes.

- ◆ **Feasibility Study**
- ◆ **Environmental Reporting Requirements**
- ◆ **Potential Environmental Issues**
- ◆ **Jurisdictional Requirements**
- ◆ **Hydrology Requirements**
- ◆ **Right-of-Way Requirements**
- ◆ **Potential Utility Conflicts**
- ◆ **Budgetary Cost Estimate**

##### 2.2 – Potential Environmental Issues and Reporting

As a subconsultant to **Cozad & Fox, Inc.**, **Searl Biological Services** will team with **Cozad & Fox, Inc.** to identify potential environmental issues and reporting. **It is anticipated that some of the biological services listed in Phase II, may not be required after the Habit Assessment is performed.**

- ◆ **Identify Potential Environmental Issues**
- ◆ **Identify Potential Reporting Issues**

##### 2.3 – Potential Jurisdictional Requirements and Permits

As a subconsultant to **Cozad & Fox, Inc.**, **Searl Biological Services** will assist with **Cozad & Fox, Inc.** to identify potential Jurisdictional Requirements and Permits.

- ◆ **Identify Potential Jurisdictional Requirements**
- ◆ **Identify Potential Permits**

## SCOPE OF SERVICES

<p><b>2.4 – Potential Hydrological and Hydraulic Issues</b>                  Cozad &amp; Fox, Inc will review available hydrological and hydraulic data for the alignment and discuss hydrological and hydraulic issues in the Feasibility Report.</p>	<ul style="list-style-type: none"> <li>◆ Identify Potential Hydrological and Hydraulic issues in the Feasibility Study</li> </ul>
<p><b>2.5 – Potential Utility Conflicts and Issues</b>                  Cozad &amp; Fox, Inc will perform utility research and plot utilizes on the Preliminary Design Plan. The potential utility conflicts and issues will be discussed in the Feasibility Study.</p>	<ul style="list-style-type: none"> <li>◆ Identify Potential Utility Conflicts and issues in the Feasibility Study</li> </ul>
<p><b>2.6 – Potential Right-of-Way Issues</b>                  Cozad &amp; Fox, Inc will review the alignment and right-of-way records to identify potential right-of-way issues. Potential right-of-way issues will be discussed in the Feasibility Study.</p>	<ul style="list-style-type: none"> <li>◆ Discuss Potential Right-of-Way Issues in the Feasibility Study</li> </ul>
<p><b>2.7 – Itemized Cost Estimate for Anticipated Improvements</b>                  Cozad &amp; Fox, Inc will prepare a preliminary itemized cost estimate for the 2nd Street Improvement Project for inclusions in the Feasibility Study.</p>	<ul style="list-style-type: none"> <li>◆ Preliminary Itemized Cost Estimate for Inclusion in the Feasibility Study</li> </ul>

### TASK 3 – PRELIMINARY DESIGN PLAN

<p><b>3 – Preliminary Design Plan</b>                  Based upon the topographic map furnished by the City of Beaumont, Cozad &amp; Fox, Inc will prepare a preliminary design plan utilizing the topographical CAD data received from the City of Beaumont. The plan will identify the anticipated improvements as well as identify conflicts between existing conditions and proposed improvements. These conflicts will be identified and also match the identified in the Feasibility Report.</p>	<p><b>Preliminary Design Plan</b></p> <ul style="list-style-type: none"> <li>◆ 24" x 36" Plan</li> <li>◆ Anticipated Improvements</li> <li>◆ Potential Conflicts</li> <li>◆ Corresponds with Feasibility Study</li> </ul>
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### TASK 4 – GEOTECHNICAL REPORT

<p><b>4 – Geotechnical Report</b>                  Cozad &amp; Fox, Inc will utilize Sladden Engineering to perform geotechnical services. Sladden's scope of services includes the field exploration, laboratory testing, engineering analysis and report preparation as described herein. The services are intended to provide a geotechnical information for use in the design and construction of the 2nd Street Improvements along with recommendations for the construction of the associated site improvements.</p>	<ul style="list-style-type: none"> <li>◆ Geotechnical Study and Report with Recommendations for Construction</li> </ul>
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## SCOPE OF SERVICES

### PHASE II – FINAL ENGINEERING

#### TASK 5 – PROJECT MANAGEMENT

##### 5.1 – Project Management

Cozad & Fox, Inc will plan, organize, direct and monitor project work activities and resources based on the schedule and budget. This includes general project management (Including monthly status reports and invoices) as well as responding to the project management needs of the **City of Beaumont**.

- ◆ Monthly Progress Reports and Invoices

##### 5.2 – Meetings

Cozad & Fox, Inc will lead the design team meetings for this project and create meeting agendas, meeting minutes, and action items. **Cozad & Fox, Inc** will also schedule and hold a kick-off meeting for this project. Design team meetings will be monthly and at key project milestones. It is anticipated that meetings will occur at 60%, 95% and 100% progress levels.

- ◆ Meetings
- ◆ Kick-off Meeting Agenda
- ◆ Meeting Agenda, Minutes, and Action Items

#### TASK 6 – RESEARCH AND REVIEW

##### 6.1 – Research and Review

Cozad & Fox, Inc. will perform additional research for maps, records, reports, survey data, existing plans, utility drawings and other critical data for surveying and design.

- ◆ Obtain Utility As-built Plans
- ◆ Utility base mapping/Utility Maps

##### 6.2 – Site Investigation

It is our understanding that the **City of Beaumont** will provide a topographic map. **Cozad & Fox, Inc** will conduct a site investigation with its in-house survey crews to field verify existing improvements, tie -in points, adjacent grading, and utilities. **Cozad & Fox, Inc** has in-house survey capability, which will be beneficial to the City and expediting the project progress. Existing facilities will be horizontally located to 0.1± feet. The updated topographic map will be used as a base sheet for the improvement plans.

- ◆ Site Investigations (2)
- ◆ Updated base maps

##### 6.3 – Right of Way Services

Cozad & Fox, Inc will use our in-house Surveying Division to prepare Right of Way exhibits and coordinate with project stakeholders to determine if any additional Right-of-Way is needed for the project. **Cozad & Fox, Inc** will also utilize our in-house surveyors to prepare any Plats or Legal Descriptions for the project. For this project we have assumed one legal description and plat will be required. If more than one legal description and plat is required, a separate estimate will be prepared. It is assumed that title reports will be provided by client if needed.

- ◆ Right of Way Exhibit
- ◆ Plats and Legal Descriptions

## SCOPE OF SERVICES

### TASK 7 – CEQA AND ENVIRONMENTAL

<p><b>7.1 – Biological Resources</b>                  Cozad &amp; Fox, Inc will utilize <b>Searl Biological Services</b> to perform Biological Assessments,, Surveys and Delineations. <b>Searl Biological Services</b> will prepare documents outlining the MSHCP Requirements along with a Jurisdictional Delineation for the USACE, CDFW, and RWQCB permits. <i>The following Biological Tasks and Surveys are required: Least Bell’s Vireo Survey, Site Vist(s), Burrowing Owl Focused Survey, MSHCP Consistency Analysis, Jurisdictional Report, Agency Applications, GIS Mapping, Response to Comments and Mileage. The following Biological Tasks and Surveys may not be required depending on the Field Habitat Assessment and Feasibility Study: Southwestern Willow Flycatcher, Narrow Endemic Plants, DBESP and some Mileage. The fee for Phase II will e adjusted accordingly.</i></p>	<p><b>Biological Resources</b></p> <ul style="list-style-type: none"> <li>◆ MSHCP Requirements</li> <li>◆ Jurisdictional Delineation</li> <li>Regulatory Permit Preparation</li> <li>◆ CDFW – 1602 Streambed Alteration Agreement</li> <li>◆ USACE – 404 Nationwide Permit</li> <li>◆ RWQCB – 401 Clean Water Certification</li> </ul>
<p><b>7.2 – Cultural Resources</b>                  Cozad &amp; Fox, Inc will utilize <b>CRM Tech</b> to prepare documents outlining Cultural Resources of the project. Work will include Records Search, Field Documentation and Report Preparation.</p>	<ul style="list-style-type: none"> <li>◆ Cultural Resources Report</li> </ul>
<p><b>7.3 – Air Quality/Greenhouse Gas/ Energy Analysis and Noise Studies</b>                  Cozad &amp; Fox, Inc will utilize <b>RK Engineering Group, Inc.</b> to prepare documents outlining the projects impact to local and regional air quality and noise emissions both during construction and throughout the operation of the project. These studies will also ensure compliance with local, regional and State regulations.</p>	<ul style="list-style-type: none"> <li>◆ Air Quality / Greenhouse Gas / Noise Report</li> </ul>
<p><b>7.4 – CEQA Documentation Preparation and Submission</b>                  Cozad &amp; Fox, Inc will utilize <b>Matthew Fagan Consulting Services, Inc.</b> to prepare and submit both the Draft and the Final Initial Study for the project. <b>Matthew Fagan Consulting Services, Inc.</b> will prepare an analysis of the project under CEQA to ensure all potential affects have been analyzed and disclosed. <b>Matthew Fagan Consulting Services, Inc.</b> approach to providing this analysis is to provide a quantitative and qualitative evaluation that clearly defines the project’s actions and the potential impacts it could have on the project site and surrounding environment. <i>It is assumed that the City of Beaumont will pay all fees associated with the permit applications and mitigation bank directly.</i></p>	<p><b>CEQA Documentation</b></p> <ul style="list-style-type: none"> <li>◆ Draft and Final Initial Study Screen check (PDF &amp; 2 Hard Copies)</li> <li>◆ Draft and Final Initial Studies</li> <li>◆ Mitigation Monitoring &amp; Reporting Program</li> <li>◆ Notice of Completion</li> <li>◆ Notice of Intent</li> <li>◆ Notice of Determination</li> <li>◆ Comments/Responses matrix</li> </ul>
<p><b>7.5 – Traffic Assessment Letter</b>                  Cozad &amp; Fox, Inc will utilize <b>RK Engineering Group, Inc.</b> to prepare a Traffic Assessment Letter to address the traffic assessment for the proposed project, <b>RK</b> will prepare a qualitative traffic evaluation to qualitatively discuss the potential changes in the traffic operation of the surrounding circulation system. The assessment will qualitatively discuss the project related potential changes in the level of services of the surrounding circulation system as well as the vehicle miles traveled (VMT).</p>	<ul style="list-style-type: none"> <li>◆ Traffic Assessment Letter</li> </ul>

## SCOPE OF SERVICES

### TASK 8 – FINAL ENGINEERING

<p><b>8.1 – Hydrology and Hydraulic Report</b>                  Cozad &amp; Fox, Inc will prepare a Hydrology and Hydraulics report for the project. The report will include all affected drainage facilities that will be impacted by the project.</p>	<p>◆ <b>Hydrology and Hydraulics Report</b></p>
<p><b>8.2 – Water Quality Management Plan</b>                  Cozad &amp; Fox, Inc will prepare a Water Quality Management Plan to be included in the PS&amp;E package. The Water Quality Management Plan may involve creative water treatment I the roadway shoulder.</p>	<p>◆ <b>WQMP</b></p>
<p><b>8.3 – 60 Percent PS&amp;E Package</b>                  Cozad &amp; Fox, Inc. will create and obtain approval for the 60 Percent PS&amp;E package as identified in the RFP. Cozad &amp; Fox, Inc will refine the design included in the 30 percent PS&amp;E Package as well as add Landscape and Irrigation Plans, Signage and Striping Plans and Erosion Control/Storm Water Pollution Prevention Plan. Cozad &amp; Fox, Inc. will also provide Specifications for review and approval by applicable agencies. Cozad &amp; Fox, Inc will incorporate design comments from the City and all other involved agencies.</p>	<p><b>60 Percent PS&amp;E Package</b></p> <ul style="list-style-type: none"> <li>◆ <b>Street Improvement</b></li> <li>◆ <b>Grading Plans</b></li> <li>◆ <b>Street Light Plans</b></li> <li>◆ <b>Utility Relocation</b></li> <li>◆ <b>Signage and Striping</b></li> <li>◆ <b>Erosion Control and Storm Water Pollution Prevention Plan</b></li> </ul>
<p><b>8.4 – 95 Percent PS&amp;E Package</b>                  Cozad &amp; Fox, Inc. will create and obtain approval for the 90 Percent PS&amp;E package as identified in the RFP. Cozad &amp; Fox, Inc. will refine the design included in the 60 percent PS&amp;E Package. Cozad &amp; Fox, Inc. will further develop the Specifications and add Quantities and Schedule.</p>	<p><b>95 Percent PS&amp;E Package</b></p> <ul style="list-style-type: none"> <li>◆ <b>Quantities</b></li> <li>◆ <b>Project Schedule</b></li> <li>◆ <b>Final Hydrology, and WQMP Reports</b></li> </ul>
<p><b>8.5 –100 Percent PS&amp;E Package</b>                  Cozad &amp; Fox, Inc. will create and obtain approval for the 100 Percent PS&amp;E package as identified in the RFP. Cozad &amp; Fox, Inc. will finalize the design included in the 90 percent PS&amp;E Package. Cozad &amp; Fox, Inc. will also provide both hardcopy and digital design packages to the city including wet signed mylars. Cozad &amp; Fox, Inc will incorporate design comments from the City and all other</p>	<p><b>100 Percent PS&amp;E Package</b></p> <ul style="list-style-type: none"> <li>◆ <b>Final Quantity Estimate</b></li> <li>◆ <b>Final Schedule</b></li> <li>◆ <b>Hardcopy and Digital design packages</b></li> </ul>

## QUALITY ASSURANCE /QUALITY CONTROL

### QA/QC APPROACH

**Cozad & Fox, Inc.** firmly believes that Quality Assurance/Quality Control (QA/QC) is a company-wide effort, and our firm's reputation has been built upon the delivery of high-quality services and deliverables to our clients. The production of quality deliverables is founded upon documented procedures, excellent experience and design practices that results in a system of independent checking and reviews that are implemented on all of our projects by our seasoned professionals.

**Cozad & Fox, Inc.** will implement a QA/QC program for the City that is in accordance with our standards of integrity, resulting in quality work and on-time product delivery. Our team will operate under our Total Quality Management system. The Total Quality Management system is a continuous process, used not just at project milestones, but on a daily basis as work flows. Dedication to the QA/QC process is essential to the effectiveness of the program. We recognize that as the design consultant, it is our responsibility to ensure the accuracy and completeness of the plans and other design documents. We are dedicated to our established program of strict quality assurance and quality control.

### INSURANCE / CERTIFICATION

**Cozad & Fox, Inc.** currently possesses Professional Liability insurance coverage in the minimum amount of \$1,000,000.00. **Cozad & Fox, Inc.** also possesses \$2,000,000 general liability insurance, \$1,000,000 automobile insurance and \$1,000,000 of workers compensation insurance.

**CITY OF BEAUMONT**

**ADDENDUM NO. 1**

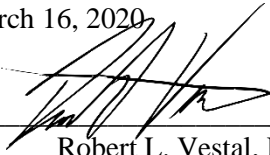
TO THE BIDDING DOCUMENTS & CONTRACT,

**RFP FOR PROFESSIONAL ENGINEERING SERVICES FOR THE 2<sup>ND</sup> STREET IMPROVEMENT PROJECT**

Bidders are advised that the RFP for the above referenced project are hereby amended in the following manner and the following manner only:


1. The City will allow digital copies to be submitted in lieu of hard copies. The due date and time are still in effect. Please note the following items:
  - a. Email proposal to [rvestal@beaumontca.gov](mailto:rvestal@beaumontca.gov)
  - b. Cost proposal shall also be emailed to the above email.
  - c. To reduce file size, the City is requesting that the proposal be converted to a pdf via “print to pdf” or “save as pdf” method and not scanned in its entirety.
  - d. Signatures may be digital or scanned as a single sheet.
  - e. PDFs must be organized per the RFP requirement (same as hard copy)
  - f. The top three qualified proposers may be required to submit a hard copy at a later date.

Dated: March 16, 2020

By:   
 Robert L. Vestal, Principal Engineer

By: Cozad & Fox, Inc.  
 (Bidder's Company Name)

Date Received by Bidder:

  
 (Bidder's Signature)

March 16, 2020

Brian Fox, President  
 (Type or Print Name)

*Bidder shall include a signed copy of this Addendum No. 1 with the bid proposal.*

**CITY OF BEAUMONT**

**ADDENDUM NO. 2**

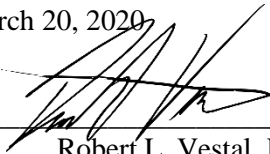
TO THE BIDDING DOCUMENTS & CONTRACT,

**RFP FOR PROFESSIONAL ENGINEERING SERVICES FOR THE 2<sup>ND</sup> STREET IMPROVEMENT PROJECT**


Bidders are advised that the RFP for the above referenced project are hereby amended in the following manner and the following manner only:

1. The due date for the proposal has been postponed to April 6<sup>th</sup> @ 3pm.

Dated: ~~March 20, 2020~~

By:   
 \_\_\_\_\_  
 Robert L. Vestal, Principal Engineer

By: \_\_\_\_\_  
 Cozad & Fox, Inc.  
 (Bidder's Company Name)

  
 \_\_\_\_\_  
 (Bidder's Signature)

Date Received by Bidder:

March 20, 2020

\_\_\_\_\_  
 Brian Fox, President  
 (Type or Print Name)

*Bidder shall include a signed copy of this Addendum No. 2 with the bid proposal.*





# COST PROPOSAL

## PHASE I – FEASIBILITY STUDY

### TASK 1– PROJECT MANAGEMENT

<b>1.1 Project Management</b>		
	Estimate .....	\$4,056.00
<b>1.2 Meetings</b>		
	Estimate .....	\$4,056.00

### TASK 2 – FEASIBILITY STUDY

<b>2.1 Feasibility Study</b>		
	Estimate .....	\$6,564.00
<b>2.2 Potential Environmental Issues and Reporting</b>		
	Estimate .....	\$4,138.00
<b>2.3 Potential Jurisdictional Requirements and Permits (Searl)</b>		
<b>a. Project Preparation</b>		
	Estimate (Lump Sum \$1,920.00 + 5%) .....	\$2,016.00
<b>b. Species Queries</b>		
	Estimate (Lump Sum \$960.00 + 5%).....	\$1,008.00
<b>c. Field Habitat Assessment</b>		
	Estimate (Lump Sum \$3,200.00 + 5%).....	\$3,360.00
<b>d. GIS Analysis and Mapping</b>		
	Estimate (Lump Sum \$1,280.00 + 5%).....	\$1,344.00
<b>e. Mileage 200 Miles @ 0.575/mi</b>		
	Estimate (Lump Sum \$115.00 + 5%).....	\$121.00
<b>2.4 Potential Hydrological and Hydraulic Issues</b>		
	Estimate .....	\$1,377.00
<b>2.5 Potential Utility Conflicts and Issues</b>		
	Estimate .....	\$1,572.00
<b>2.6 Potential Right-of-Way Issues</b>		
	Estimate .....	\$1,193.00
<b>2.7 Itemized Cost Estimate for Anticipated Improvements</b>		
	Estimate .....	\$1,097.00

### TASK 3 – PRELIMINARY DESIGN PLAN

<b>3. Preliminary Design Plan</b>		
	Estimate .....	\$8,862.00

### TASK 4 – GEOTECHNICAL REPORT

<b>4. Geotechnical Report</b>		
	Estimate (Lump Sum + \$7,500.00 + 5%) .....	\$7,560.00

**SUBTOTAL ESTIMATE FOR PHASE I—FEASIBILITY STUDY.....\$48,324.00**



# COST PROPOSAL

## PHASE II – FINAL ENGINEERING

### TASK 5 – PROJECT MANAGEMENT

<b>5.1 Project Management</b>	
Estimate .....	\$5,716.00
<b>5.2 Meetings</b>	
Estimate .....	\$6,009.00

### TASK 6 – RESEARCH AND REVIEW

<b>6.1 Research and Review</b>	
Estimate .....	\$5,414.00
<b>6.2 Site Investigation</b>	
Estimate .....	\$1,901.00
<b>6.3 Right-of-Ways Services</b>	
Estimate .....	\$1,734.00

### TASK 7 – CEQA AND ENVIRONMENTAL FINAL

<b>7.1 Biological Resources (Searl)</b>	
<b>a. Least Bell’s Vireo Survey</b>	
Estimate (Lump Sum \$13,940.00 + 5%).....	\$14,637.00
<b>b. Southwestern Willow Flycatcher</b>	
Estimate (Lump Sum \$11,600.00 + 5%) <b>(IF REQUIRED)</b> .....	\$10,605.00
<b>c. Narrow Endemic Plants</b>	
Estimate (Lump Sum \$3,840.00 + 5%) <b>(IF REQUIRED)</b> .....	\$3,507.00
<b>d. Reference Site( s) Visit</b>	
Estimate (Lump Sum \$3,840.00 + 5%).....	\$3,507.00
<b>e. Burrowing Owl Focused Survey</b>	
Estimate (Lump Sum \$5,120.00 + 5%).....	\$5,376.00
<b>f. MSHCP Consistency Analysis</b>	
Estimate (Lump Sum \$4,800.00 + 5%).....	\$5,040.00
<b>g. DBESP</b>	
Estimate (Lump Sum \$4,000.00 + 5%) <b>(IF REQUIRED)</b> .....	\$3,675.00
<b>h. Jurisdictional Report</b>	
Estimate (Lump Sum \$3,200.00 + 5%).....	\$3,360.00
<b>i. Agency Applications</b>	
Estimate (Lump Sum \$4,480.00 + 5%).....	\$4,704.00
<b>j. GIS Analysis and Mapping Services</b>	
Estimate (Lump Sum \$2,720.00 + 5%).....	\$2,856.00
<b>k. Response to Comments</b>	
Estimate (Lump Sum \$1,920.00 + 5%).....	\$2,016.00
<b>l. Mileage 900 Miles @ 0.575/mi</b>	
Estimate (Lump Sum \$517.50 + 5%).....	\$544.00

**NOTE: SOME BIOLOGICAL SURVEYS AND TASKS MAY NOT BE REQUIRED, DEPENDING ON THE FIELD HABITAT ASSESSMENT. THE FEE WILL BE ADJUSTED ANGLY.**



## COST PROPOSAL

### PHASE II – FINAL ENGINEERING

<b>7.2 Cultural Resources</b>	
Estimate (Lump Sum \$6,560 + 5%).....	\$6,888.00
<b>7.3 Air Quality /Greenhouse Gas/Energy and Noise Studies</b>	
Estimate (Lump Sum \$8,400.00 + 5%).....	\$8,820.00
<b>7.4 CEQA Documentation Preparation and Submission</b>	
Estimate (Lump Sum \$17,370.00 + 5%).....	\$18,239.00
<b>7.5 Traffic Assessment Letter</b>	
Estimate (Lump Sum \$6,450.00 + 5%).....	\$6,773.00

### **TASK 8 – FINAL ENGINEERING**

<b>8.1 Hydrology and Hydraulic Report</b>	
Estimate .....	\$3,308.00
<b>8.2 Water Quality Management Plan</b>	
Estimate .....	\$6,648.00
<b>8.3 60 Percent PS&amp;E Package</b>	
Estimate .....	\$7,880.00
<b>8.4 95 Percent PS&amp;E Package</b>	
Estimate .....	\$6,556.00
<b>8.5 100 Percent PS&amp;E Package</b>	
Estimate .....	\$5,878.00

***SUBTOTAL ESTIMATE FOR PHASE II—FINAL ENGINEERING .....*** **\$151,591.00**

**TOTAL ESTIMATE FOR PHASE I AND PHASE II .....** **\$199,915.00**



## COST PROPOSAL

<b>COMPANY:</b> Cozad & Fox, Inc.		<b>SCOPE OF WORK</b> Engineering Services				<b>Date:</b> 5/5/2020			
<b>PROJECT:</b> Engineering Services for 2nd Street Improvement RFP No. PW 2020-003 City of Beaumont									
TASKS	Principal Engineer / Surveyor	Senior Engineer / Surveyor	Project Engineer / Surveyor	Assistant Engineer / Surveyor	Survey Crew 1-Man	Admin. Coord.	TOTAL HOURS	TOTAL FEE	
	\$184/hr	\$154/hr	\$133/hr	\$121/hr	\$198/hr	\$85/hr			
<b>PHASE I - FEASIBILITY STUDY</b>									
<b>Task 1 Project Management</b>									
1.1 Project Management	12	12					24	\$4,056	
1.2 Meetings	12	12					24	\$4,056	
<b>Task 2 Feasibility Study</b>									
2.1 Feasibility Study	8	12	12	8		8	40	\$6,564	
2.2 Potential Environmental Issues and Reporting	8	14				6	28	\$4,138	
2.3 Potential Jurisdictional Requirements and Permits									
a. Project Preparation	Lump Sum \$1,920.00 + 5% (Searl)								\$2,016
b. Sensitive Species Queries	Lump Sum \$960.00 + 5% (Searl)								\$1,008
c. Field Habitat Assessment	Lump Sum \$3,200.00 + 5% (Searl)								\$3,360
d. GIS Analysis and Mapping	Lump Sum \$1,280.00 + 5% (Searl)								\$1,344
e. Mileage 200 Miles @ 0.575/mi	Lump Sum \$115.00 + 5% (Searl)								\$121
2.4 Potential Hydrological and Hydraulic Issues	3	3		3			9	\$1,377	
2.5 Potential Utility Conflicts and Issues	2	2		6		2	12	\$1,572	
2.6 Potential Right-of-Way Issues	2	3		3			8	\$1,193	
2.7 Itemized Cost Estimate for Anticipated Improvements	1	2		5			8	\$1,097	
<b>Task 3 Preliminary Design Plan</b>									
3. Preliminary Design Plan	7	8	20	22		12	57	\$8,862	
<b>Task 4 Geotechnical Report</b>									
4. Geotechnical Report	Lump Sum \$7,200.00 + 5% (Sladden)								\$7,560
<b>SUBTOTAL ESTIMATE FOR PHASE I - FEASIBILITY STUDY</b>	<b>55</b>	<b>68</b>	<b>32</b>	<b>47</b>		<b>28</b>	<b>210</b>	<b>\$48,324</b>	



# COST PROPOSAL

PHASE II - FINAL ENGINEERING								TOTAL
<b>Task 5 Project Management</b>								
5.1 Project Management	16	18					34	\$5,716
5.2 Meetings	14	12	10			3	36	\$6,009
<b>Task 6 Research and Review</b>								
6.1 Research and Review	6	14	4	12		2	38	\$5,414
6.2 Site Investigation	1		1		8		10	\$1,901
6.3 Right-of-Way Services	2	4	2	4			12	\$1,734
<b>Task 7 CEQA and Environmental Final</b>								
7.1 Biological Resources								
a. Least Bell's Vireo Survey	Lump Sum \$13,940.00 + 5% (Searl)							\$14,637
b. Southwestern Willow Flycatcher <b>(IF REQUIRED)</b>	Lump Sum \$10,100.00 + 5% (Searl)							\$10,605
c. Narrow Endemic Plants <b>(IF REQUIRED)</b>	Lump Sum \$3,340.00 + 5% (Searl)							\$3,507
d. Reference Site(s) Visit	Lump Sum \$3,340.00 + 5% (Searl)							\$3,507
e. Burrowing Owl Focused Survey	Lump Sum \$5,120.00 + 5% (Searl)							\$5,376
f. MSHCP Consistency Analysis	Lump Sum \$4,800.00 + 5% (Searl)							\$5,040
g. DBESP <b>(IF REQUIRED)</b>	Lump Sum \$3,500.00 + 5% (Searl)							\$3,675
h. Jurisdictional Report	Lump Sum \$3,200.00 + 5% (Searl)							\$3,360
i. Agency Applications	Lump Sum \$4,480.00 + 5% (Searl)							\$4,704
j. GIS Analysis and Mapping Services	Lump Sum \$2,720.00 + 5% (Searl)							\$2,856
k. Response to Comments	Lump Sum \$1,920.00 + 5% (Searl)							\$2,016
l. Mileage 900 Miles @0.575/mi	Lump Sum \$517.50 + 5% (Searl)							\$544
7.2 Cultural Resources	Lump Sum \$6,560.00 + 5% (CRM)							\$6,888
7.3 Air Quality/Greenhouse Gas/Energy and Noise Studies	Lump Sum \$8,400.00 + 5% (RK)							\$8,820
7.4 CEQA Documentation Preparation and Submission	Lump Sum \$17,370.00 + 5% (Fagan)							\$18,239
7.5 Traffic Assessment Letter	Lump Sum \$6,450.00 + 5% (RK)							\$6,773
<b>Task 8 Final Engineering</b>								
8.1 Hydrology and Hydraulic Report	3	8	6	6			23	\$3,308
8.2 WQMP	3		24	24			51	\$6,648
8.3 60 Percent PS&E Package	3	8	24	24			59	\$7,880
8.4 95 Percent PS&E Package	3	6	20	20			49	\$6,556
8.5. 100 Percent PS&E Package	4	7	16	16			43	\$5,878
<b>SUBTOTAL ESTIMATE FOR PHASE II - FINAL ENGINEERING</b>	<b>55</b>	<b>77</b>	<b>107</b>	<b>106</b>	<b>8</b>	<b>5</b>	<b>355</b>	<b>\$151,591</b>
<b>TOTAL ESTIMATE FOR PHASE I AND PHASE II</b>								
	<b>110</b>	<b>145</b>	<b>139</b>	<b>153</b>	<b>8</b>	<b>33</b>	<b>565</b>	<b>\$199,915</b>

**NOTE: SOME BIOLOGICAL SURVEYS AND TASKS MAY NOT BE REQUIRED, DEPENDING ON THE FIELD HABITAT ASSESSMENT. THE FEE WILL BE ADJUSTED ACCORDING LY.**



## Staff Report

**TO:** Mayor and City Council Members  
**FROM:** Nicole Wheelwright, Deputy City Clerk  
**DATE** May 19, 2020  
**SUBJECT: City Council Annual Review of Contracts**

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### Background and Analysis:

Per Beaumont Municipal Code Section 3.02.070 – “Term of Professional Services,” contracts shall be submitted to the City Council annually for approval, renewal, termination, non-renewal or extension. Attached is a log of all active professional services contracts on file with the City Clerk’s office for review.

### Fiscal Impact:

No fiscal impact.

### Recommended Action:

Review and advise of any direction for staff.

### Attachments:

- A. Professional Services Log

	Contract Number	Name of Contractor/Agency/ Vendor	Brief Description	Date of Contract/ Agreement	Expiration Date
ADMIN	C97-08	Hdl Software LLC	Agreement for Sales Tax Audit	3/1/1998	
			Agreement for Business License Services	1/28/1999	
			Agreement for Sales Tax Audit	7/15/2013	
			Agreement for Property Tax Audit	5/31/2013	
ADMIN	C97-09	Hdl Coren & Cone	Action agreement to purchase the Hdl business license system	7/28/1997	
ADMIN	C07-06	Beaumont chamber of commerce	Agreement for services by independent contractor regarding professional services	February 14, 2007	
ADMIN	C07-33	Civic Plus	License and Service Agreement	June 19, 2007	
ADMIN	C08-09	Pacific Alarm Service Inc.	Alarm Company service contract for 550 E. 6th St	May 26, 2010	
Alarm Company service contract for 715 W. 4th St			December 4, 2013		
Alarm Company service contract for 660 Magnolia Ave			September 26, 2013		
Alarm Company service contract for 1310 oak Valley Parkway			April 16, 2009		
Alarm Company service contract for 550 E. 6th St			April 23, 2008		
TR	C13-23	Doublemap Inc.	Technology License and services agreement	December 12, 2013	
ADMIN	C15-26	Urban Futures	Financial Advisory Services	June 4, 2015	December 31, 2015
Potrero interchange Area Master Plan Development Project Financial Analysis & Negotiation Support Services			September 6, 2016		
ADMIN	C15-30	CitiBank/Dunbar	Armored Cash Vault Services	September 18, 2015	
ADMIN	C16-21	Tyler Technologies	Financial Software	April 13, 2016	April 13, 2023
Amendment to Contract No 2016-0124			June 30, 2016		
WW	C16-41	Houston Harris PCS, Inc.	Sewer Cleaning/Debris Removal Services	July 5, 2016	July 5, 2017
			Sewer Cleaning/Debris Removal Services	June 20, 2017	June 20, 2018
			1st Amendment to Annual Sewer Cleaning/Debris Remo	July 1, 2018	July 1, 2019 with two automatic renewal periods of 1 year each
WW	C16-42	G & G Environmental Consultant Inc	Wastewater Regulatory Program Services	July 5, 2016	July 5, 2017
			1st Amendment for Wastewater Regulatory Program Se	July 1, 2017	July 1, 2018
			2nd Amendment for Wastewater Regulatory Services	July 5, 2018	July 5, 2019
			3rd Amendment - Extention of Contract	July 1, 2019	July 5, 2020
PW	C16-49	St. Francis Electric LLC	Traffic Signal Maintenance and Emergency Repair Pro	August 2, 2016	June 2017
			Traffic Signal Maintenance and Emergency Repair Pro	August 1, 2017	August 1, 2018
			Traffic Signal Maintenance and Emergency Repair Pro	July 1, 2018	June 31, 2019
			Third Amendment to Agreement	July 1, 2019	June 30, 2020
PW	C16-56	Epic Land Solutions	Right of Way Support Services for Potrero Interchange	October 4, 2016	October 4, 2017
			Right of Way Support Services for Potrero Interchange	July 13, 2017	July 13, 2018
			Amendment No 1	October 24, 2017	
PD	C16-62	Ramona Humane Society	Impound, Care and Disposal of Dogs and other Domestic Animals	June 7, 2016	unspecified term
TR	C16-73	Veterans Communication Services, Inc.	Provide audio and visual equipment and maintenance thereof for the City's Transit Dept.	November 15, 2016	November 15, 2021
ADMIN	C17-24	Konica Minolta	Lease Agreement for Copier/Printers	April 18, 2017	April 18, 2020
CC	C17-50	Municode	Municipal Code Codification, Legal Review and Online Code	July 10, 2017	11/30/2020
PW	C17-67	Kimley-Horn and Associates, Inc	Design Services for the Pennsylvania Avenue Widening Project	September 19, 2017	September 19, 2018
			First Amendment (additional compensation)	January 16, 2018	September 19, 2018

		Second Amendment to Agreement	January 2, 2019	September 19, 2020
PW	C17-68	Kimley-Horn and Associates, Inc	Design Services for the Pennsylvania Avenue Interchange Improvement Project	September 19, 2017 September 19, 2018
			First Amendment to Agreement	January 2, 2019 December 18, 2021
LEGAL	C17-74	Orrick, Herrington & Sutcliffe LLP	Represent the Client's Interest in Connection with the Preserve LLC	October 17, 2017
PW	C17-75	Falcon Engineering	Construction Management Services for SR-60/Potrero Boulevard Interchange Project	October 18, 2017 Until Completion of the Project
			First Amendment to agreement	January 15, 2019
			Second Amendment	April 2, 2019
PW	C17-76	Moffatt & Nichol	Environmental/Regulatory Permitting Compliance Services for SR60/Potrero Blvd Interchange Project	October 19, 2017 Until Completion of the Project
			First Amendment to Agreement	January 2, 2019 December 19, 2020
ADMIN	C17-90	Urban Futures Inc.	Fiscal Review and Analysis of the Property Tax Sharing Resolution with the County of Riverside	December 5, 2017 Until Completion of the Project
PW	C17-93	Property Specialists, Inc	ROW Appraisal and Acquisition Services for the Pennsylvania Ave Widening Project and the Pennsylvania Ave Grade Separation Project	December 19, 2017 December 19, 2018
			First Amendment to Agreement	December 18, 2018 December 19, 2020
TR	C18-10	Token Transit	Provide Digital Fares through mobile app	February 6, 2018
LEGAL	C18-11	Liebert Cassidy Whitmore	Agreement for Legal Services	February 7, 2018 February 7, 2019
			Extension of 1 year	February 7, 2019 February 7, 2020
			Extension of 1 year	February 23, 2020 February 24, 2021
LEGAL	C18-12	Burke Williams & Sorensen LLP	Agreement for Legal Services	February 7, 2018 February 7, 2019
			Extension of 1 year	February 7, 2019 February 7, 2020
			Extension of 1 year	February 18, 2020 February 18, 2021
PD	C18-13	Turbo Data Systems Inc	Parking Citations, Administrative Citations and Moving/Traffic Violations Software and Support	March 1, 2018 March 1, 2021
LEGAL	C18-17	Manning & Kass Ellrod, Ramirez, Trester LLP	Legal Services	March 2, 2018 March 2, 2019
			Extension of 1 year	March 2, 2019 March 2, 2020
			Extension of 1 year	March 3, 2020 March 3, 2021
LEGAL	C18-19	Lewis Brisbois Bisgaard & Smith LLP	Legal Services	February 6, 2018 until terminated
			Extension of 1 year	March 5, 2019 March 5, 2020
			Extension of 1 year	March 3, 2020 March 3, 2021
ADMIN	C18-21	Albert A Webb and Associates	Annual CFD Administration Services, Special tax Consulting and Annual CFD Financial Reporting	March 1, 2018 March 1, 2021
ADMIN	C18-29	Townsend Public Affairs, Inc.	Lobbyist Services	April 17, 2018 July 17, 2021
ADMIN	C18-42	Stradling Yocca Carlson & Rauth	Bond Counsel Legal Services for IA 8C	May 15, 2018 until termination, or completion of work
ADMIN	C18-43	Stradling Yocca Carlson & Rauth	Bond Counsel Legal Services for IA 8D	May 15, 2018 until termination, or completion of work
ADMIN	C18-44	Stradling Yocca Carlson & Rauth	Bond Council Legal Services for IA 17C	May 15, 2018 until termination, or completion of work
WW	C18-45	MWH Constructors Inc.	Construction Management Services for the Wastewater Treatment Plant Expansion and Renovation project	May 15, 2018 May 15, 2021
PW	C18-46	KOA Corporation	Engineering and design Services for the California Avenue Grade Separation Project	June 19, 2018 June 19, 2020
PW	C18-48	IDC Consulting Engineers	Pennsylvania Ave Grade Separation Project	June 19, 2018 June 19, 2020
			Contract Amendment No. 1	August 29, 2018 June 19, 2020
CD	C18-49	Interwest Consulting	Building and Safety Plan Check Services	July 1, 2018 July 1, 2021
CD	C18-50	Scott Fazekas & Associates	Building and Safety Plan Check Services	July 1, 2018 July 1, 2021
CD	C18-51	Willdan Engineering	Building and Safety Plan Check Services	July 1, 2018 July 1, 2021
PW	C18-52	Engineering Resources of Southern California (ERSC)	Public Works Inspection, Plan Checking and Surveying	July 1, 2018 July 1, 2021



PW	C18-53	Minagar & Associates	Traffic Engineering Services	July 1, 2018	July 1, 2021
			First Amendment to Agreement	May 7, 2019	July 1, 2021
ADMIN	C18-58	Pacific Alarm Service	Monitoring and Services Agreement	July 1, 2018	July 1, 2021 with automatic one-year renewals
ADMIN	C18-59	Slovak Baron Empey Murphy & Pinkney LLP	Contract for Attorney Services	May 14, 2018	June 1, 2020
CD	C18-65	Placeworks	On-Call Environmental Services	July 17, 2018	July 17, 2021
CD	C18-66	Chambers Group	On-Call Environmental Services	July 17, 2018	July 17, 2021
IT	C18-71	Affant	Network Implementation and Management Agreement	July 1, 2018	July 1, 2021 with automatic three-year renewals
HR	C18-73	Neogov/ GovernmentJobs.com	Online Services Agreement	August 7, 2018	August 7, 2019 with automatic one-year renewals
CS	C19-02	Jeff Ellis & Associates, Inc	Consulting Agreement for professional Aquatic Safety and Risk Management Services	January 1, 2019	December 31, 2019
TR	C19-14	Dossier Systems	Fleet Management Software	March 6, 2019	March 5, 2022
WW	C19-16	Dudek	Groundwater and Surface Water Monitoring for the 2019 Maximum Benefit Report	March 19, 2019	March 19, 2020
			Groundwater and Surface Water Monitoring for the 2020 Maximum Benefit Report	March 3, 2020	March 3, 2021
TR	C19-17	The Mobile Turtle RV & Auto Detailing	Interior and Exterior Detailing Bus Washing Service	March 19, 2019	March 19, 2020
			First Amendment	March 17, 2020	March 17, 2023
CC	C19-18	Complete Paperless Solutions	Laserfiche Maintenance and Support Services	March 23, 2019	March 23, 2024
ADMIN	C19-20	Pitney Bowes	Lease Agreement for Postage Machine	January 31, 2018	January 31, 2023
WW	C19-28	Burrtec Waste Industries Inc.	Non-Hazardous Sludge Hauling Services	May 1, 2019	May 1, 2022
CS	C19-30	Prudential Overall Supply	Garment and Flat Goods Service	October 17, 2019	October 17, 2022
			Amendment to Addendum D	June 11, 2019	
SW	C19-36	USA Waste of California, Inc., d.b.a. Waste Management of the Inland Empire	Collection Services Agreement	May 7, 2019	June 30, 2039
			First Amendment for the Provisions of Residential and Commercial Garbage Recyclable Materials and Organic Waste Collection Services	Jan 22, 2020	June 30, 2039
FIN	C19-38	Card Connect	Merchant Services Agreement	May 15, 2019	May 15, 2024
CS	C19-39	Alex Bohanek	Weed Abatement Services	May 22, 2019	May 22, 2020
PD	C19-42	Mark 43 Inc.	Software License and Services Agreement	June 7, 2019	June 30, 2024
ADMIN	C19-51	The Pun Group LLP	Professional Auditing Services	July 1, 2019	June 30, 2020
PW	C19-59	Southland Engineering	Highland Springs Avenue As-Built Survey	August 29, 2019	August 29, 2020
PW	C19-60	Z&K Consultants	Professional Engineering Services	August 1, 2019	August 1, 2020
CS	C19-62	Baker Electric, Inc.	Public Electric Vehicle Charging Station	September 17, 2019	February 19, 2020
			First Amendment	February 18, 2020	May 18, 2020
WW	C19-65	Albert A Webb and Associates	Permitting Assistance for the NPDES Application	September 23, 2019	September 23, 2020
WW	C19-66	Albert A Webb and Associates	Title 22 Engineer's Report for the Upgraded WWTP	September 23, 2019	September 23, 2020
WW	C19-67	Albert A Webb and Associates	Permitting Assistance for the AQMD Application for the new WWTP	September 23, 2019	September 23, 2020
WW	C19-68	Albert A Webb and Associates	Engineering Services to prepare Final Water Quality Management Plan for the Waste Water Treatment Plant	September 23, 2019	September 23, 2020
PD	C19-75	Ramona Humane Society	Sheltering Service Agreement	September 1, 2019	September 30, 2021
ADMIN	C19-77	Shred-it	Service Agreement	October 04, 2019	October 04, 2024
TR	C19-78	Moore and Associates, Inc.	Comprehensive Operations Analysis	October 15, 2019	October 15, 2020
ED	C19-79	Nichols Consulting	Professional State-Mandated Cost Claim Preparation Services	October 15, 2019	October 15, 2020
CC	C19-83	Municode	Services Agreement - Meeting and Agenda Management	October 30, 2019	October 30, 2022
WW	C19-88	Akel Engineering Group Inc.	Professional Engineering Service for the Sewer System Master	November 20, 2019	November 20, 2020

CS	C19-89	A.B. Landscape	Agreement for Weed Abatement	November 20, 2019	Upon completion of services
CS	C19-90	Howards	Agreement for Weed Abatement	November 20, 2019	Upon completion of services
CS	C19-91	West S.W.P.P.P	Agreement for Weed Abatement	November 20, 2019	Upon completion of services
CS	C19-92	M and M Carpets	Maintenance Services	December 31, 2019	January 14, 2020
ADMIN	C19-93	Stifel, Nicolaus & Company	Underwriter Engagement	May 3, 2019	
ADMIN	C19-94	Urban Futures, Inc	Engagement Letter for Special Tax Refunding Bonds Series 2019	May 3, 2019	
CS	C19-96	Animal Pest Services	Pest Control Maintenance Services	November 5, 2019	On-going until terminated
CS	C20-01	West Coast Arborists	Tree Trimming and Tree Maintenance Services	January 22, 2020	On-going until terminated
ADMIN	C20-02	Urban Futures Inc	Engagement Letter for CFD 93-1 IAs 7B, 7C, 8C, 17B and 20 Series 2020	January 22, 2020	January 22, 2021 or close of transaction
ADMIN	C20-03	Urban Futures Inc	Engagement letter for CFD 93-1 IA 8F	January 22, 2020	January 22, 2021 or close of transaction
ADMIN	C20-04	Stifel, Nicolaus & Company	Underwriter Engagement - Beaumont Public Improvement Authority	February 7, 2020	
ADMIN	C20-05	Stifel, Nicolaus & Company	Underwriter Engagement - CFD 93-1 IA 8F	February 7, 2020	
PD	C20-06	San Bernardino County Sheriff	Use of San Bernardino County Sheriff Department's Weapons Firing Range Facilities	February 12, 2020	June 30, 2022
PD	C20-08	Petdata Inc.	Agreement for Animal Licensing Services	February 18, 2020	February 18, 2023
TR	C20-09	Dude Solutions	Subscription Agreement of Asset Essentials Software	February 24, 2020	February 24, 2025
WW	C20-12	SKM Engineering LLC	Professional Engineering Services for Lift Station PLC Upgrade Design CIP2019-018	April 21, 2020	April 21, 2021
CS	C20-13	Architerra Inc,	Preparation of the Median Master Plan for the 6th Street Corridor beginning at illinois to Highland Springs Ave.	April 21, 2020	April 21, 2021



Item No. 10.

**ROXANN M. VOTAW**  
votaw@sbemp.com  
FIRM ADMINISTRATOR

REPLY TO:  
Palm Springs, California

MAY 5, 2020

CITY OF BEAUMONT PROFESSIONAL SERVICES THRU: 4/30/2020

**TOTAL DUE: \$95,367.15**

Sincerely,  
**SBEMP, LLP**

By: Roxann M Votaw

---

**SLOVAK BARON EMPEY MURPHY & PINKNEY LLP**

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**Indian Wells, CA**  
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**Costa Mesa,**  
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**435**

**San Diego, CA**  
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**Princeton, NJ**  
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**New York, NY**  
T (212) 829-4399

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1800 E Tahquitz Canyon Way  
Palm Springs, CA 92262  
Fed. ID #33-0833010  
Telephone 760-322-2275  
Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
COVID19-Beaumont

Professional services through: 4/14/2020:

Invoice # 57837

Amount

**BALANCE DUE – PLEASE SUBMIT PAYMENT:**

**\$6,013.50**

---

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San Diego, California 92101  
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# SBEEMP

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Telephone 760-322-2275  
Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*Blake

Professional services through: 4/30/2020:

Invoice # 57839

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$1,815.00

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MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*Hatcher

Professional services through: 4/30/2020:

Invoice # 57840

Amount

**BALANCE DUE -- PLEASE SUBMIT PAYMENT:**

**\$742.50**

---

## SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*Loandepot

Professional services through: 4/30/2020:

Invoice # 57841

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$1,540.00

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Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*McFarlinAnder

Professional services through: 4/30/2020:

Invoice # 57842

Amount

**BALANCE DUE – PLEASE SUBMIT PAYMENT:**

**\$11,940.50**

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## SLOVAK BARON EMPY MURPHY & PINKNEY LLP

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Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*MLH

Professional services through: 4/30/2020:

Invoice # 57843

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$687.50

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## SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*MV

Professional services through: 4/30/2020:

Invoice # 57844

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$412.50

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## SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*Norton Rose

Professional services through: 4/30/2020:

Invoice # 57845

Amount

**BALANCE DUE – PLEASE SUBMIT PAYMENT:**

**\$19,467.00**

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## SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*Pucio

Professional services through: 4/30/2020:

Invoice # 57846

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$1,292.50

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## SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*Ramos

Professional services through: 4/30/2020:

Invoice # 57847

Amount

**BALANCE DUE – PLEASE SUBMIT PAYMENT:**

**\$715.00**

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## SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*TalleyAguirre

Professional services through: 4/30/2020:

Invoice # 57848

Amount

**BALANCE DUE – PLEASE SUBMIT PAYMENT:**

**\$9,383.00**

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## SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*ULC Defense

Professional services through: 4/30/2020:

Invoice # 57849

Amount

**BALANCE DUE – PLEASE SUBMIT PAYMENT:**

**\$8,000.00**

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## SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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Fed. ID #33-0833010  
Telephone 760-322-2275  
Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*Urban Logic

Professional services through: 4/30/2020:

Invoice # 57850

Amount

**BALANCE DUE – PLEASE SUBMIT PAYMENT:**

**\$11,075.35**

---

## SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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# SBEEMP

A T T O R N E Y S

1800 E Tahquitz Canyon Way  
Palm Springs, CA 92262  
Fed. ID #33-0833010  
Telephone 760-322-2275  
Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont\*Wallis Receiv

Professional services through: 4/30/2020:

Invoice # 57851

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$302.50

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## SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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Tel. (619) 501-4540

# S-BEMP

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Telephone 760-322-2275  
Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont-3rdPartyClaim

Professional services through: 4/30/2020:

Invoice # 57852

Amount

**BALANCE DUE – PLEASE SUBMIT PAYMENT:**

**\$137.50**

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## SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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2240 Fifth Avenue.  
San Diego, California 92101  
Tel. (619) 501-4540

# SBEEMP

A T T O R N E Y S

1800 E Tahquitz Canyon Way  
Palm Springs, CA 92262  
Fed. ID #33-0833010  
Telephone 760-322-2275  
Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont-Calimesa IA

Professional services through: 4/30/2020:

Invoice # 57853

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$2,965.10

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## SLOVAK BARON EMPEY MURPHY & PINKNEY LLP

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MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont-Gen Lit

Professional services through: 4/30/2020:

Invoice # 57854

Amount

**BALANCE DUE – PLEASE SUBMIT PAYMENT:**

**\$192.50**

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MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont-Labor&Employ

Professional services through: 4/30/2020:

Invoice # 57855

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$1,935.90

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MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont-OverRetainer

Professional services through: 4/30/2020:

Invoice # 57856

Amount

**BALANCE DUE – PLEASE SUBMIT PAYMENT:**

**\$9,249.30**

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Facsimile 760-322-2107

MAY 5, 2020

City of Beaumont  
E-MAIL INVOICES

Our file no:  
City of Beaumont-Retainer

Professional services through: 4/30/2020:

Invoice # 57857

Amount

BALANCE DUE – PLEASE SUBMIT PAYMENT:

\$7,500.00

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MEMORANDUM

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**To:** City of Beaumont  
**From:** Townsend Public Affairs  
**Date:** May 15, 2020  
**Subject:** Legislative Report for the City of Beaumont

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**State Legislative Update**

The May Revise represents a dramatic change from the Governor's January Budget, as it reflects the impact that the coronavirus pandemic has had on the State's economy, as well as the increased demand for many services that the State offers. The full impact of the pandemic has led to a projected budget deficit of \$54 billion, with an out-year structural deficit of approximately \$45 billion per year. This deficit has materialized in the last three months, as the State has seen a 22.3% reduction in state revenues generated from sales tax, personal income tax, and corporate taxes. In response, Governor Newsom has proposed a budget that addresses the short fall through a mix of budget cuts, revenue generating measures, internal borrowing, accessing of state reserves, and increased resources from the federal government.

**Big Picture**

The May Revise budget proposal contains \$133.9 billion in General Fund spending. This represents a reduction in General Fund spending of \$12.5 billion, or a 9.4% decrease, from the current budget year. The budget proposal addresses the projected \$54.3 billion budget deficit by utilizing the following strategies:

- **Cancelled Expansions and Other Reductions (\$8.4 billion):** The May Revise cancels \$6.1 billion in program expansions and spending increases by canceling/reducing a number of one-time spending items that were included in the 2019 state budget. The May Revise also redirects \$2.4 billion in extraordinary payments to CalPERS to temporarily offset the State's CalPERS obligations in 2020-21 and 2021-22.
- **Reserves (\$8.8 billion):** The May Revises proposes to draw down the State's Rainy Day Fund over the next three years, including \$7.8 billion from the Rainy Day Fund, \$524 million from the Public School System Stabilization Account, and \$450 million from the Safety Net Reserve in FY 2020-21.
- **Borrowing/Transfers/Deferrals (\$10.4 billion):** The May Revise includes \$4.1 billion in borrowing and transfers from special funds, as well as additional funding deferrals that will free up \$6.3 billion in funding for use in FY 2020-21.



- New Revenues (\$4.4 billion): The May Revise proposes to generate \$4.4 billion in new revenue by temporarily suspending net operating losses and temporarily limits the amount of tax credits that a taxpayer can use to \$5 million in any given tax year.
- Federal Funds (\$8.3 billion): The May Revise reflects an \$8.3 billion General Fund savings by utilizing funds that have been provided by the Federal Government, in response to the coronavirus, in lieu of General Fund dollars for qualifying expenditures.
- Triggered Spending Reductions (\$14.0 billion): The May Revise contains \$14 billion in reductions to base programs and employee compensation, which will be triggered if the State does not receive additional funding from a federal Phase 4 stimulus bill.

While acknowledging that the State needs to deal with the massive budget deficit, as a result of the coronavirus, the Governor indicated that the May Revise still works to protect the Core Values of Public Education, Public Health, Public Safety, and supporting those facing the greatest hardships.

Below are some key items contained within the Governor's May Revise. Additional information on proposals within the May Revise, and modifications to the January Budget Proposal, can be found in the attached May Revise Summary prepared by the Department of Finance.

#### COVID-19 Response

The May Revise incorporates significant funding in the current year, as well as in the upcoming budget year, for response to the coronavirus. The May Revise contains \$1.8 billion in funding for the current year to reflect activities that have been undertaken, which will largely be funded with funding received from the federal government, including costs which are anticipated to be reimbursed by FEMA.

In the 2020-21 fiscal year, the May Revises proposes:

- \$450 million to cities from the Coronavirus Relief Fund for eligible homeless and public safety activities (cities with populations above 300,000 will receive direct allocations and all other cities will be provided funding through their counties).
- \$1.3 billion to counties from the Coronavirus Relief Fund for public health, behavioral health, and other health and human services
- The remaining Coronavirus Relief Fund dollar will be utilized for state offsets of costs for vulnerable populations and public health and safety activities (\$3.78 billion); and K-12 learning loss mitigation (\$4 billion).
- Maintain the Governor's proposal to waive the \$800 minimum franchise tax for the first year of business creation.
- An additional \$50 million (for \$100M total) to the IBank's Small Business Loan Guarantee Program.

#### Housing, Homelessness and Local Government

The May Revise contains a number of proposals intended to create new housing, as well as to protect renters and homeowners.

- \$500 million in low-income housing state tax credits
- \$300 million in National Mortgage Settlement Funds for housing counseling and mortgage assistance.

- \$31 million in National Mortgage Settlement Funds to provide grants to legal aid services organizations.

The May Revise contains several proposals aimed at reducing homelessness in California, including:

- \$750 million in federal funding to be used for the purchase of hotels and motels secured through Project Roomkey. These properties would be operated by local governments or non-profit providers.

### Education

Due to the reduced level of revenue coming in to the State, the May Revise estimates that the Proposition 98 guarantee will decline by \$19 billion over what was projected in January. The May Revises proposes to mitigate these losses through a mix of solutions, including revenue generation (which will increase the overall amount of Proposition 98 funding), the use of federal funds, and revising CalPERS/CalSTRS contributions.

Additionally, the May Revise proposes to accelerate the recovery of the Proposition 98 funding level by providing a supplemental appropriation, above the required Prop 98 funding level, equal to 1.5% of General Fund revenue, up to a cumulative \$13 billion.

In order to account for the loss in funding, the May Revise proposes several reductions, including:

- 10% reduction (\$6.5 billion) in the Local Control Funding Formula. This reduction will be triggered off if the federal government provides sufficient funding to backfill this cut.
- The withdrawing of a number of education related proposals that were included in the Governor’s January Budget (15 proposals totaling over \$1.8 billion).
- The suspension of the 2.31% COLA for eligible programs
- A \$300 million decrease for the construction of new, or retrofitting of existing, facilities for full-day kindergarten.

### Other

The May Revise provides significant funding for the Office of Emergency Services to enhance the State’s emergency preparedness and response capabilities. Specifically:

- \$50 million for Community Power Resiliency to help support critical services that are vulnerable during power outage events, including schools, county elections offices, and food storage reserves. This funding will support a matching grant program to help local governments prepare for, and respond to, the impacts of power outages.
- An additional \$38.2 million for the California Disaster Assistance Act (for \$100.8 million total) which is used to repair, restore, or replace property damaged or destroyed by a disaster or to reimburse local governments for eligible costs associated with emergency activities.
- \$2 million for the Wildfire Forecast and Threat Intelligence Integration Center to enhance the State’s emergency response capabilities.

Stage 2 Local Variance

Governor Newsom announced that his Administration has been working closely with several counties on their plans to move further into Stage 2. As of today, ten counties have filed their Attestation Forms and supporting documentation with the State, thereby allowing them to advance further in modifying their Stay-At-Home orders. Those counties are: Amador, Butte, Colusa, El Dorado, Glenn, Lassen, Nevada, Placer, Plumas, San Benito, Shasta, Sierra, Tuolumne, and Yuba-Sutter.

The Governor indicated that his Administration has conducted consultations regarding local variances with 31 counties.

Senate Budget Hearings

**State Senate Democrats' COVID-related Budget Proposals:** Today a group of Democratic Senators, led by Pro Tem Toni Atkins and Senate Budget Committee Chair Holly Mitchell, unveiled two proposals that they will aim to incorporate into the State Budget to assist with the economic impacts from the COVID-19 pandemic. The two proposals deal with renter/landlord stabilization and an Economic Recovery Fund.

- **Renter/Landlord Stabilization:** This proposal would create a program to enable a three-party agreement to resolve unpaid rents over a limited time period. The agreements would be among renters, landlords and the State. The program would complement any rental assistance provided by the federal government.
  - Under the program, a renter would receive immediate relief for unpaid rent, as well as be protected from eviction.
  - A renter would commit to repaying past rents, without interest, to the State over a ten-year period beginning in 2024. The program would allow for hardship cases which could lead to full repayment forgiveness.
  - Landlords would provide immediate rent relief and commit not to evict their tenant.
  - Landlords would receive tax credits from the state equal to the value of the lost rents, spread equally over the years 2024-2033. The tax credits would be transferable, so landlords could sell them for immediate cash value.
  
- **Economic Recovery Fund:** This proposal would create a \$25 billion Economic Recovery Fund, over two years, to fund a variety of activities, including: small business/non-profit/worker assistance, worker retraining, infrastructure project acceleration, residential and small business rental assistance, health and safety net gap fixes, green economy investments, homelessness assistance, wildfire prevention response, school funding, higher education protections, and local government relief.
  - The funding for the Economic Recovery Fund would be generated through the establishment of a voluntary program to incentivize the pre-payment of income taxes for the 2024 to 2033 tax years.
  - Participating taxpayers would acquire the California Recovery Tax Vouchers for those tax years at a modestly reduced amount to reflect inflation and to incentivize participation. The tax vouchers would be fully transferable so taxpayers could sell them to third parties for a cash benefit at any time.
  - The State anticipates that this would cost the State approximately \$3 billion per year over the affected tax years.