

PRELIMINARY OFFICIAL STATEMENT DATED ____, 2025

In the opinion of Stradling Yocca Carlson & Rauth LLP, 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 (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. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

NEW ISSUE – BOOK-ENTRY ONLY

INSURED BONDS RATING: S&P: “__”
UNDERLYING RATING: S&P: “__”
See the caption “RATINGS.”

\$ ____ *

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
WASTEWATER REVENUE REFUNDING BONDS, SERIES 2025A**

Dated: Date of Delivery

Due: September 1, as shown on inside front cover page

The Bonds are being issued 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. Individual purchases will be made in denominations of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of the Bonds will not receive certificates representing their beneficial ownership in the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds is payable on March 1 and September 1 of each year, commencing [September 1, 2025]. Payment of the principal of and interest on the Bonds is to be made to Cede & Co., which is to disburse said payments to the Beneficial Owners of the Bonds through their nominees.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, all as more fully described herein.

The Bonds are being issued to provide funds: (i) to refinance the outstanding Beaumont Public Improvement Authority Wastewater Revenue Bonds, Series 2018A; (ii) to finance certain capital improvements to the City’s Wastewater System; and (iii) to pay costs incurred in connection with the issuance of the Bonds, including the premium for a municipal bond insurance policy to be issued by the Insurer guaranteeing the payment of principal of and interest on the Bonds maturing on September 1 of the years 202__ through 20__, inclusive.

The Bonds are being issued pursuant to the Indenture of Trust, dated as of June 1, 2025, by and between the Beaumont Public Improvement Authority and Zions Bancorporation, National Association, as successor trustee (the “Trustee”). THE BONDS ARE A SPECIAL LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM AUTHORITY REVENUES, WHICH CONSIST OF SERIES 2025 INSTALLMENT PAYMENTS TO BE MADE BY THE CITY TO THE AUTHORITY PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT, DATED AS OF JUNE 1, 2025, BY AND BETWEEN THE CITY AND THE AUTHORITY, AND FROM CERTAIN OTHER FUNDS AND ACCOUNTS HELD BY THE TRUSTEE PURSUANT TO THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR ANY OTHER REVENUES OR FUNDS OF THE AUTHORITY ARE PLEDGED TO OR AVAILABLE FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

No debt service reserve fund has been established in connection with the issuance of the Bonds.

The obligation of the City to make the Series 2025 Installment Payments is a special limited obligation of the City payable solely from Net Revenues of the City’s Wastewater System. The City may incur additional obligations payable from Net Revenues on a parity with the obligation to pay Series 2025 Installment Payments, subject to the terms and conditions of the Installment Purchase Agreement, as more fully described herein.

THE OBLIGATION OF THE CITY TO MAKE SERIES 2025 INSTALLMENT PAYMENTS PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO MAKE THE SERIES 2025 INSTALLMENT PAYMENTS IS A SPECIAL LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM NET REVENUES OF THE CITY’S WASTEWATER SYSTEM AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The scheduled payment of principal of and interest on the Bonds maturing on September 1 of the years 20__ through 20__, inclusive, when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by [INSURER].

[INSURER LOGO]

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

* Preliminary, subject to change.

4900-2457-4243v5/022599-0036

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.

MATURITY SCHEDULE

(See inside front cover page)

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of the valid, legal and binding nature of the Bonds by Stradling Yocca Carlson & Rauth LLP, Bond Counsel, and certain other conditions. Certain matters will be passed upon for the City and the Authority by Slovak Baron Empey Murphy & Pinkney LLP, California, and by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California, for [INSURER] by its counsel and for the Trustee by its counsel. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about _____, 2025.

[STIFEL LOGO]

Dated: _____, 2025

\$ _____ *

BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
WASTEWATER REVENUE REFUNDING BONDS, SERIES 2025A

MATURITY SCHEDULE
BASE CUSIP[†] _____

\$ _____ Serial Bonds

<i>Maturity (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
	\$	%	%		

(1)

\$ _____ % Term Bonds Due September 1, 20__⁽¹⁾, Yield: _____%, Price: _____^(C), CUSIP[†] _____

\$ _____ % Term Bonds Due September 1, 20__⁽¹⁾, Yield: _____%, Price: _____^(C), CUSIP[†] _____

* Preliminary, subject to change.

⁽¹⁾ Insured Bonds.

[†] CUSIP[®] is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc Copyright(c) 2025 CUSIP Global Services. All rights reserved. CUSIP[®] data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP[®] numbers are provided for convenience of reference only. None of the Authority, the City or the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

BOARD OF DIRECTORS

Mike Lara, *Chair*
Jessica Voigt, *Vice Chair*
Lloyd White, *Director*
Julio Martinez III, *Director*
David Fenn, *Director*

CITY OF BEAUMONT

CITY COUNCIL

Mike Lara, *Mayor*
Jessica Voigt, *Mayor Pro-Tem*
Lloyd White, *Member of the City Council*
Julio Martinez III, *Member of the City Council*
David Fenn, *Member of the City Council*

STAFF

Elizabeth Gibbs, *City Manager*
Jennifer Ustation, *Director of Finance*

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Verification Agent

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Denver, Colorado

No dealer, broker, salesperson or other person has been authorized by the City or the Authority to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Authority. 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 herein, are intended solely as such and are not to be construed as representations of fact.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement and the information that is contained herein are subject to completion or amendment without notice, and neither 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 Authority or any other parties that are described herein since the date hereof. These securities may not be sold, nor may an offer to buy be accepted, prior to the time that the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements which are 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," "intend" or similar words. Such forward-looking statements include, but are not limited to, certain statements contained under the captions "THE CITY" and "THE WASTEWATER SYSTEM OF THE CITY."

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 EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 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 UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, DEALER BANKS, BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The City maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

[INSURER] (the “**Insurer**”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the caption “BOND INSURANCE” and in Appendix F—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained in this Official Statement, and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms that are used and not otherwise defined in this Summary Statement have the meanings ascribed to them in this Official Statement.

Purpose. The Bonds are being issued to provide funds: (i) to refinance the outstanding Beaumont Public Improvement Authority Wastewater Revenue Bonds, Series 2018A; (ii) to finance certain capital improvements to the City's Wastewater System, as described under the caption "THE FINANCING PLAN—Wastewater System Improvements," and (iii) to pay costs incurred in connection with the issuance of the Bonds, including the premium for a municipal bond insurance policy to be issued by the Insurer guaranteeing the payment of principal of and interest on all or a portion of the Bonds. See the caption "ESTIMATED SOURCES AND USES OF FUNDS."

Security for the Bonds. The Bonds are a special limited obligation of the Authority payable solely from Authority Revenues, which consist of Series 2025 Installment Payments to be made by the City to the Authority pursuant to the Installment Purchase Agreement and amounts on deposit in certain funds and accounts established by the Indenture. Neither the full faith and credit nor any other revenues or funds of the Authority are pledged to or available for the payment of debt service on the Bonds. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The obligation of the City to make Series 2025 Installment Payments is a special limited obligation of the City payable solely from Net Revenues of the City's Wastewater System, which consist of Revenues of the City's Wastewater System remaining after payment of Operation and Maintenance Costs. See the caption "SECURITY FOR THE BONDS."

The obligation of the City to make the Series 2025 Installment Payments under the Installment Purchase Agreement is absolute and unconditional, and until such time as all payments that are required thereunder have been paid in full (or provision for the payment thereof has been made as provided for in the Installment Purchase Agreement), the City will not discontinue or suspend any Series 2025 Installment Payments required to be made by it under the Installment Purchase Agreement when due, whether or not the Wastewater System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the Wastewater System Improvements have been completed, and such payments will not be subject to reduction whether by offset or otherwise and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

THE OBLIGATION OF THE CITY TO MAKE SERIES 2025 INSTALLMENT PAYMENTS PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO MAKE THE SERIES 2025 INSTALLMENT PAYMENTS IS A SPECIAL LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM NET REVENUES AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

No Reserve Fund.

The Authority has not funded a debt service reserve fund in connection with the issuance of the Bonds.

Bond Insurance. The scheduled payment of principal of and interest on the Bonds maturing on September 1 of the years 20__ through 20__, inclusive, when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by the Insurer concurrently with the issuance of the Bonds. See the caption “BOND INSURANCE.”

Rate Covenant. In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund, if established, on the first day of such Fiscal Year is less than the Series 2025 Installment Payments payable in such Fiscal Year, to the fullest extent permitted by law, the City will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 120% of Debt Service for such Fiscal Year. When calculated for the foregoing purposes, Net Revenues do not include amounts transferred from the Rate Stabilization Fund, if established, pursuant to the Installment Purchase Agreement that are in excess of 20% of Debt Service for such Fiscal Year.

In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund on the first day of such Fiscal Year is at least equal to the Series 2025 Installment Payments payable in such Fiscal Year, to the fullest extent permitted by law, the City will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year Revenues equal to 120% of the sum of Operation and Maintenance Costs for such Fiscal Year. When calculated for the foregoing purposes, Revenues do not include any amounts transferred from the Rate Stabilization Fund, if established, pursuant to the Installment Purchase Agreement.

See the caption “SECURITY FOR THE BONDS—Rate Covenant.”

Additional Indebtedness. The Installment Purchase Agreement does not permit the City to make any additional pledge of, or to place any additional lien on, the Revenues, or any portion thereof, which is senior to the pledge and lien securing the payment of the Series 2025 Installment Payments. The Installment Purchase Agreement does permit the City to incur Parity Bonds and Contracts payable on a parity with the Series 2025 Installment Payments provided that certain conditions are satisfied as described herein. Nothing in the Installment Purchase Agreement precludes the City from entering into obligations which are Operation and Maintenance Costs and, therefore, payable from Revenues prior to the Series 2025 Installment Payments, or from issuing any bonds or executing any contracts the payments under which are payable from Net Revenues on a subordinate basis to the Series 2025 Installment Payments, Parity Bonds and Contracts of the City. See the caption “SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts.”

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See the caption “THE BONDS—Redemption.”

The City and the Wastewater System. The City was incorporated in 1912 under the general laws of the State. The City has a land area of approximately 30.9 square miles and an estimated population of 57,416 as of January 1, 2024. The City provides a wide range of services, including police, public works (including sewer and storm drain services), street maintenance and land and building development. The City also operates various community services, including parks, a senior center, a teen and day camp and a municipal swimming pool. The City is located in Riverside County, California (the “County”), approximately 25 miles east of the city of Riverside at the junction of Interstate 10, State Route 60 and State Route 79.

The City's Wastewater System includes approximately 186 miles of gravity pipelines, 25 miles of sewer force mains and 12 lift stations. The majority of Wastewater System facilities were installed after 2005. The collection system's underground network of pipes range in size from 6 to 30 inches in diameter. The City provides sewer service to approximately 18,805 accounts consisting of single family residential, multi-family residential and mobile home park connections and 538 commercial and industrial accounts within the City's boundaries, an adjacent unincorporated area of the County called Highland Springs and a mobile home park in an adjacent unincorporated area of the County.

Wastewater is collected through the Wastewater System and transported for treatment to the Beaumont Wastewater Treatment Plant (the "**Treatment Plant**"). The 2018 Wastewater Treatment Plant Salt Mitigation Project expanded the capacity of the Treatment Plant from 4mgd to 6mgd, using membrane bioreactor ("**MBR**") treatment technology and a reverse osmosis ("**RO**") system. See the captions "THE CITY" and "THE WASTEWATER SYSTEM OF THE CITY" for a description of the Treatment Plant.

See the captions "THE CITY" and "THE WASTEWATER SYSTEM OF THE CITY" for further information about the City and the Wastewater System.

\$ _____ *

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
WASTEWATER REVENUE REFUNDING BONDS, SERIES 2025A**

INTRODUCTION

This Official Statement, including the front cover page, the inside front cover page and the appendices, provides certain information concerning the sale and delivery of the Beaumont Public Improvement Authority Wastewater Revenue Refunding Bonds, Series 2025A (the “**Bonds**”). Descriptions and summaries of various documents that are set forth in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Capitalized terms that are used and not otherwise defined in this Official Statement have the meanings ascribed thereto in Appendix B.

The Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2025 (the “**Indenture**”), by and between the Beaumont Public Improvement Authority (the “**Authority**”) and Zions Bancorporation, National Association, as successor trustee (the “**Trustee**”). The Bonds are limited obligations of the Authority payable solely from Authority Revenues, which consist of payments (the “**Series 2025 Installment Payments**”) to be made by the City of Beaumont (the “**City**”) to the Authority pursuant to an Installment Purchase Agreement (the “**Installment Purchase Agreement**”), dated as of June 1, 2025, by and between the City and the Authority, and amounts on deposit in certain funds and accounts established by the Indenture.

The obligation of the City to make Series 2025 Installment Payments is a special limited obligation of the City payable solely from Net Revenues of the City’s Wastewater System, which consist of Revenues of the City’s Wastewater System remaining after payment of Operation and Maintenance Costs. See the caption “**SECURITY FOR THE BONDS.**”

The Bonds are being issued to provide funds: (i) to refinance the outstanding Beaumont Public Improvement Authority Wastewater Revenue Bonds, Series 2018A (the “**2018 Bonds**”); (ii) to finance certain capital improvements to the City’s Wastewater System; and (iii) to pay costs incurred in connection with the issuance of the Bonds, including the premium for a municipal bond insurance policy (the “**Policy**”) to be issued by the Insurer guaranteeing the payment of principal of and interest on the Bonds maturing on September 1 of the years 20__ through 20__, inclusive (the “**Insured Bonds**”). See the captions “**ESTIMATED SOURCES AND USES OF FUNDS**” and “**BOND INSURANCE.**”

The City regularly prepares a variety of reports, including audits, budgets and related documents. Any Bond Owner may obtain a copy of such report, as available, from the City. The City has also undertaken to provide annual reports to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“**EMMA**”) pursuant to a continuing disclosure agreement. See the caption “**CONTINUING DISCLOSURE**” and Appendix E.

The scheduled payment of principal of and interest on the Insured Bonds (the Bonds maturing on September 1 of the years 20__ through 20__, inclusive), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by the Insurer concurrently with the issuance of the Bonds. See the caption “**BOND INSURANCE.**”

* Preliminary, subject to change.

THE FINANCING PLAN

Refunding Plan

Pursuant to the Indenture, the Authority will deliver a portion of the proceeds of the Bonds to the Trustee to transfer to Zions Bancorporation, National Association, acting as escrow agent (the “**Escrow Agent**”), for deposit in an escrow fund (the “**Escrow Fund**”) established under the Escrow Agreement, dated as of June 1, 2025, by and among the Authority, the City and the Escrow Agent (the “**Escrow Agreement**”). Proceeds of the Bonds and other moneys held in the Escrow Fund will be used to pay the regularly scheduled debt service on the 2018 Bonds on [September 1, 2025] (the “**Redemption Date**”) and to redeem the outstanding 2018 Bonds maturing after the Redemption Date on the Redemption Date. Amounts in the Escrow Fund will be irrevocably pledged to secure, when due, the payment of the principal of, interest and redemption premium due with respect to the 2018 Bonds and will not be available to pay debt service on the Bonds.

Upon issuance of the Bonds, Causey Public Finance LLC, Denver, Colorado, as verification agent, will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to: (a) the adequacy of amounts in the Escrow Fund to pay when due the regularly scheduled debt service on the 2018 Bonds on the Redemption Date and to redeem the outstanding 2018 Bonds maturing after the Redemption Date on the Redemption Date; and (b) the computations of yield of the Bonds which support Bond Counsel’s opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

Wastewater System Improvements

A portion of the proceeds of the Bonds will be deposited in the Acquisition Fund to be used to pay for some or all of the cost of certain capital improvements to the City’s Wastewater System, including, but not limited to: installing a ground-mounted solar array at the Treatment Plant to offset power consumption using a behind-the-meter array sized to the plant’s average energy demand; adding a third centrifuge to accommodate a 25% annual increase in biosolids production while enhancing the Treatment Plant’s capacity; and expanding the Treatment Plant’s fine screens to further increase capacity. See the caption “THE WASTEWATER SYSTEM OF THE CITY—Future Wastewater System Improvements.”

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Bonds:

Sources	
Principal Amount of Bonds	\$ —
Plus Net Original Issue Premium	
Total Sources	\$
Uses	
Deposit to Escrow Fund	\$
Deposit to Acquisition Fund	
Costs of Issuance ⁽¹⁾	
Total Uses	\$

⁽¹⁾ Includes certain legal, municipal advisory, financing, rating agency, Trustee fees, Underwriter’s discount, premium for the Policy and printing costs.

THE BONDS

General Provisions

The Bonds will be issued in the aggregate principal amount of \$_____* . The Bonds will bear interest from and be dated the date of initial issuance, and will be payable upon maturity on the dates set forth on the inside front cover page hereof. Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing [September 1, 2025]. Interest will be calculated at the rates set forth on the inside front cover page hereof on the basis of a year of 360 days comprised of twelve 30 day months.

The Bonds will be delivered only 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**”). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 or any integral multiple thereof. See the caption “— Book-Entry Only System” and Appendix D.

In the event that the book-entry only system that is described below is discontinued, the principal of and interest on any Bond will be payable by check or draft of the Trustee upon presentation and surrender thereof at maturity or upon prior redemption at the Office of the Trustee in Los Angeles, California. Such principal and interest will be payable in lawful money of the United States of America.

Book-Entry Only System

One fully-registered Bond will be issued for each maturity of the Bonds in the principal amount of the Bonds of such maturity. Each such Bond will be registered in the name of Cede & Co. and will be deposited with DTC. As long as the ownership of the Bonds is registered in the name of Cede & Co., the term “**Owner**” as used in this Official Statement will refer to Cede & Co. and not to the actual purchasers of the Bonds (the “**Beneficial Owners**”).

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer.

The Authority cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement. See Appendix D — “BOOK-ENTRY ONLY SYSTEM.”

Transfers and Exchanges Upon Termination of Book-Entry Only System

In the event that the book-entry system that is described above is discontinued, the Bonds will be printed and delivered as provided in the Indenture. Thereafter, any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee is not required to register the transfer of any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption.

* Preliminary, subject to change.

Whenever any Bond is surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new Bond or Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee will require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee is not required to exchange any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption. The Trustee will require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Redemption

Optional Redemption. The Bonds with stated maturities on or before September 1, 20__, are not subject to redemption prior to their respective stated maturities. The Bonds with stated maturities on or after September 1, 20__, are subject to redemption prior to their respective stated maturities, as a whole or in part, as directed by the Authority in a request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) and by lot within each maturity in integral multiples of \$5,000, on September 1, 20__ or any date thereafter at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds with stated maturities on September 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on September 1, 20__ and each September 1 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

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

*

* Maturity.

The Bonds with stated maturities on September 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on September 1, 20__ and each September 1 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

**Redemption Date
(September 1)**

**Principal
Amount**

\$

*

* Final Maturity.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered and of the same series, interest rate and maturity.

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee will select the Bonds for redemption as a whole or in part on any date as directed by the Authority and by lot within each maturity in integral multiples of \$5,000 in accordance with the provisions set forth above under the caption “—Redemption,” the Trustee’s selection of Insured Bonds for redemption is subject to the approval of the Insurer, so long as the Policy is in full force and effect and the Insurer is not in default of its obligations thereunder. The Trustee will promptly notify the Authority in writing of the numbers of the Bonds or portions thereof so selected for redemption.

Notice of Redemption

Notice of redemption will be mailed by first class mail not less than 20 days or more than 60 days before any Redemption Date, to the respective Owners of any Bonds that are designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services. Each notice of redemption will state the date of notice, the redemption date, the place or places of redemption and the Redemption Price, and will designate the maturities, CUSIP numbers, if any, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on the redemption date there will become due and payable on each of said Bonds or parts thereof that are designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with, interest accrued thereon to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any Bond. Notice of redemption of Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption will 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 such Bonds to be redeemed and that, if such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Effect of Redemption

Notice of redemption having been duly given as described above under the caption “—Notice of Redemption,” and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable, interest on the Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee will, upon surrender for payment of any of the Bonds to be redeemed on their Redemption Dates, pay such Bonds at the Redemption Price. All Bonds redeemed pursuant to the provisions of the Indenture will be canceled upon surrender thereof.

DEBT SERVICE SCHEDULE

Set forth below is a schedule of Series 2025 Installment Payments for each annual period ending on June 30 in the years indicated.

<i>Period Ending June 30</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
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	\$ _____	\$ _____	\$ _____

Source: Underwriter.

SECURITY FOR THE BONDS

General

Each Bond is a special limited obligation of the Authority payable solely from Authority Revenues, which consist of Series 2025 Installment Payments to be made by the City under the Installment Purchase Agreement and certain other funds and accounts established pursuant to the Indenture. NEITHER THE FULL FAITH AND CREDIT NOR ANY OTHER REVENUES OR FUNDS OF THE AUTHORITY ARE PLEDGED TO OR AVAILABLE FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The Authority has assigned substantially all of its right, title and interest in the Installment Purchase Agreement to the Trustee pursuant to the Indenture, for the benefit of the Owners of the Bonds, including its right to receive Series 2025 Installment Payments and its rights as may be necessary to enforce payment of the Series 2025 Installment Payments when due.

Series 2025 Installment Payments Payable From Net Revenues

All of the Authority Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund) have been irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with their terms and the provisions of the Indenture. Such pledge constitutes a lien on and security interest in such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and will be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice hereof.

The obligation of the City to make the Series 2025 Installment Payments is payable solely from Net Revenues of the City's Wastewater System, which consist of Revenues of City's Wastewater System remaining after the payment of Operation and Maintenance Costs. All Revenues (as such term is defined in Appendix B under the caption "INSTALLMENT PURCHASE AGREEMENT—Definitions") of the City's Wastewater System and all amounts on deposit in the Revenue Fund have been irrevocably pledged to the payment of the Series 2025 Installment Payments as provided in the Installment Purchase Agreement. The Revenues will not be used for any other purpose while any of the Series 2025 Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement, including but not limited to the payment of Operation and Maintenance Costs of the Wastewater System. Such pledge, together with the pledge created by all other Bonds and Contracts (as such terms are defined in Appendix B under the caption "INSTALLMENT PURCHASE AGREEMENT—Definitions" and referred to in the forepart of this Official Statement as "**Parity Bonds and Contracts**" or "**Parity Bonds or Contracts**," as applicable), constitutes a first lien on Revenues and, subject to application of Revenues and all amounts on deposit in the Revenue Fund as permitted in the Installment Purchase Agreement, the Revenue Fund and other funds and accounts created thereunder for the payment of the Series 2025 Installment Payments and all other Parity Bonds and Contracts in accordance with the terms thereof and of the Indenture.

Notwithstanding anything contained in the Installment Purchase Agreement, the City is not required to advance any moneys derived from any source of income other than the Revenues and the Revenue Fund for the payment of amounts due under the Installment Purchase Agreement or for the performance of any agreements or covenants that are required to be performed by it contained therein. The City may, however,

advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the City for such purpose.

THE OBLIGATION OF THE CITY TO MAKE SERIES 2025 INSTALLMENT PAYMENTS PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE CITY TO MAKE THE SERIES 2025 INSTALLMENT PAYMENTS IS A SPECIAL LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM NET REVENUES OF THE CITY'S WASTEWATER SYSTEM AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Rate Covenant

In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund, if established, on the first day of such Fiscal Year is less than the Series 2025 Installment Payments payable in such Fiscal Year, to the fullest extent permitted by law, the City will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 120% of Debt Service for such Fiscal Year. When calculated for the foregoing purposes, Net Revenues do not include amounts transferred from the Rate Stabilization Fund, if established, pursuant to the Installment Purchase Agreement that are in excess of 20% of Debt Service for such Fiscal Year.

In any Fiscal Year in which the amount on deposit in the Rate Stabilization Fund on the first day of such Fiscal Year is at least equal to the Series 2025 Installment Payments payable in such Fiscal Year, to the fullest extent permitted by law, the City will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year Revenues equal to 120% of the sum of Operation and Maintenance Costs for such Fiscal Year. When calculated for the foregoing purposes, Revenues do not include any amounts transferred from the Rate Stabilization Fund, if established, pursuant to the Installment Purchase Agreement.

The City may make, or permit to be made, adjustments from time to time in such rates, fees and charges and may make, or permit to be made, such classification thereof as it deems necessary, but may not reduce or permit to be reduced such rates, fees and charges below those then in effect, unless the Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the foregoing requirements.

So long as the City has complied with its obligations set forth in the first two paragraphs of this subcaption, as applicable, the failure of Net Revenues to meet the thresholds set forth in such paragraphs, as applicable, does not constitute a default or an Event of Default under the Installment Purchase Agreement or the Indenture.

No Reserve Fund

The Authority has not funded a debt service reserve fund in connection with the issuance of the Bonds.

Additional Parity Bonds and Contracts

The City may at any time issue or execute any Parity Bonds or Contracts, as the case may be, payable from Net Revenues on a parity with the Series 2025 Installment Payments and secured by a pledge of and lien on Revenues as described in the Installment Purchase Agreement, provided that:

(a) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the City Council of the City of the resolution authorizing the issuance of, or the date of the execution of, such Parity Bonds or Contract, as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the City, produce a sum equal to at least 120% of the Debt Service for such twelve month period. When calculated for the foregoing purposes, Net Revenues do not include amounts transferred from the Rate Stabilization Fund, if established, to the Revenue Fund pursuant to the Installment Purchase Agreement that are in excess of 20% of Debt Service for such Fiscal Year; and

(b) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the City Council of the City of the resolution authorizing the issuance of, or the date of the execution of, such Parity Bonds or Contract, as the case may be, including adjustments to give effect as of the first day of such twelve month period to increases or decreases in rates and charges for the Wastewater Service approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the City, produce a sum equal to at least 120% of the Debt Service for such twelve month period, plus the Debt Service which would have accrued on any Parity Bonds and Contracts issued or executed since the end of such twelve month period assuming that such Parity Bonds and Contracts had been issued at the beginning of such twelve month period, plus the Debt Service which would have accrued had such proposed additional Parity Bonds or Contract been issued or executed at the beginning of such twelve month period. When calculated for the foregoing purposes, Net Revenues do not include amounts transferred from the Rate Stabilization Fund, if established, to the Revenue Fund pursuant the Installment Purchase Agreement that are in excess of 20% of Debt Service for such Fiscal Year.

Notwithstanding the foregoing, Parity Bonds or Contracts issued or executed to refund Parity Bonds or Contracts may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Parity Bonds or Contracts are issued or executed, as applicable, is not greater than Debt Service would have been in each such Fiscal Year prior to the issuance or execution of such Parity Bonds or Contracts.

In addition, so long as the Policy is in full force and effect and the Insurer has not defaulted on its obligations thereunder, no additional Parity Bonds may be issued or Contracts executed if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists under the Installment Purchase Agreement, unless such Event of Default will be cured upon such issuance.

Rate Stabilization Fund

The City is authorized but not required to establish a special fund designated as the “Rate Stabilization Fund.” If the City elects to establish a Rate Stabilization Fund, such fund will be held by the City in trust under the Installment Purchase Agreement. The City has agreed and covenanted to maintain and to hold such fund, if established, separate and apart from other funds so long as any Parity Bonds or Contracts remain unpaid. Money transferred by the City from the Revenue Fund to the Rate Stabilization Fund, if established, in accordance with the Installment Purchase Agreement will be held in the Rate Stabilization Fund and applied in accordance with the Installment Purchase Agreement.

The City may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund, if established, and transfer such amounts to the Revenue Fund for application in accordance with the Installment Purchase Agreement or, in the event that all or a portion of the Series 2025 Installment Payments are discharged in accordance with the Installment Purchase Agreement, transfer all or any portion of such amounts for application in accordance with the Installment Purchase Agreement. Any such amounts transferred from the Rate Stabilization Fund, if established, to the Revenue Fund in accordance with the Installment Purchase Agreement constitute pledged Revenues.

BOND INSURANCE

The information under this caption has been prepared by the Insurer for inclusion in this Official Statement. None of the Authority, the City or the Underwriter has reviewed this information, nor do the Authority, the City or the Underwriter make any representation with respect to the accuracy or completeness thereof. The following information is not a complete summary of the terms of the Policy and reference is made to Appendix F for a specimen of the Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, [INSURER] (the “**Insurer**”) will issue its Municipal Bond Insurance Policy (the “**Policy**”) for the Bonds maturing on September 1 of the years 20__ through 20__, inclusive (the “**Insured Bonds**”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Appendix F to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

[INSURER]

[TO COME]

THE CITY

General

The City was incorporated in 1912 under the general laws of the State. The City has a land area of approximately 30.9 square miles and an estimated population of 57,416 as of January 1, 2024. The City provides a wide range of services, including police, public works (including sewer and storm drain services), street maintenance and land and building development. The City also operates various community services, including parks, a senior center, a teen and day camp and a municipal swimming pool.

The City is located in Riverside County, California (the “**County**”), approximately 25 miles east of the city of Riverside at the junction of Interstate 10, State Route 60 and State Route 79. With its location at the confluence of several freeways, the City has access to major employment centers in southern California and is also a significant regional center of employment. Amazon (an online retailer), Beaumont Unified School District (a school district), Walmart (a department store) and CJ Foods (a food manufacturing facility) are major employers in the City. The City is also close to major tourist destinations such as Palm Springs (28 miles east), Big Bear Lake (53 miles north) and Los Angeles (75 miles west).

The Wastewater System includes approximately 186 miles of gravity pipelines, 25 miles of sewer force mains and 12 lift stations. The majority of Wastewater System facilities were installed after 2005. The collection system’s underground network of pipes range in size from 6 to 30 inches in diameter. The City provides sewer service to approximately 18,805 accounts consisting of single family residential, multi-family residential and mobile home park connections and 538 commercial and industrial accounts within the City’s boundaries, an adjacent unincorporated area of the County called Highland Springs and a mobile home park in an adjacent unincorporated area of the County.

Wastewater is collected through the Wastewater System and transported for treatment to the Treatment Plant. The 2018 Wastewater Treatment Plant Salt Mitigation Project expanded the capacity of the Treatment Plant from 4 mgd to 6 mgd, using membrane bioreactor (“**MBR**”) treatment technology, and a reverse osmosis (“**RO**”) system to reduce the discharge of total dissolved solids and nitrates from the Treatment Plant. The Wastewater System and the Treatment Plant are operated by the City.

Land Use and Service Area

The City's service area largely encompasses single family residences and multi-family units. With the exception of certain properties that have septic tanks, all of the land within City limits is served by the Wastewater System and new residents and businesses in the City are required to connect to the Wastewater System. The Wastewater System also serves Highland Springs, which is an unincorporated area of the County adjacent to the City, and a mobile home park in an unincorporated area of the County adjacent to the City.

Seismic Considerations

The City is located in a seismically active region. Significant faults are located near the City, including the San Andreas fault. There is potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land along fault lines may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure within the City, including the Wastewater System. The City has an emergency response plan that would be implemented under such circumstances.

Newer Wastewater System facilities are designed to withstand earthquakes with minimal damage, as earthquake loads are taken into consideration in the design of project structures. The City has also undertaken a vulnerability assessment of critical Wastewater System facilities. The vulnerability assessment ranks City infrastructure by importance, builds redundancy into existing operations and includes contingency plans in the event of damage to City assets and succession plans for critical staff. The impact of lesser magnitude events is expected by the City to be temporary, localized and repairable. The Wastewater System has never sustained major damage to its facilities or experienced extended incidences of service interruptions as a result of seismic disturbances. Wastewater System facilities have been designed and constructed in compliance with the City's construction standards.

The City does not maintain earthquake insurance on Wastewater System facilities. See the captions "—City Insurance" and "CERTAIN RISKS TO BONDHOLDERS—Natural Disasters."

Governance and Management

General. The City is governed by a five-member City Council, the members of which are elected at large for staggered four year terms. City Council members elect a mayor from among the City Council members, and the mayor serves a one-year term. The current City Council members and the expiration dates of their terms are set forth below.

City of Beaumont City Council Members

<i>City Council Member</i>	<i>Expiration of Term</i>
Mike Lara, Mayor	November 2026
Jessica Voigt, Mayor Pro-Tem	November 2026
Lloyd White, Council Member	November 2026
Julio Martinez III, Council Member	November 2028
David Fenn, Council Member	November 2028

Day-to-day management of the City is delegated to Elizabeth Gibbs, City Manager since April 11, 2022. Prior to coming to the City, Ms. Gibbs has served as a public administrator with 32 years of experience in local government across a wide range of departments, with expertise in public policy, project management and design, crisis management, fiscal management, community outreach, and public engagement. Ms. Gibbs holds a Bachelor degree and a Master of Public Administration degree from California Baptist University.

Gustavo Romo serves as the Deputy City Manager. Mr. Romo has almost 30 years in municipal government experience, including five years as Deputy City Manager in the city of Bell Gardens assisting the City Manager with complex issues while managing the Community Development Department consisting of Building & Safety, Business License, Code Enforcement, Community Development Block Grant Program, Economic Development, Housing and Planning. Mr. Romo has a Bachelor of Science Degree from California State Polytechnic University in Urban and Regional Planning. Mr. Romo has a Master of Business Administration from the University of Redlands and has over 30 years of government experience in various agencies with increasing responsibilities.

The City's Finance Department provides financial services to the Wastewater System. Jennifer Ustation has been with the City for seven years and served as the Director of Finance since 2021. Prior to becoming the Finance Director, Ms. Ustation served as an Senior Accountant at the City. Ms. Ustation has 13 years of government finance experience. Ms. Ustation holds a Bachelor's Degree in Business Administration with a concentration in Accounting from California State University, San Bernardino, and received the Certified Public Finance Officer ("CPFO") designation in 2024 from the Government Finance Officers Association. She is currently enrolled in the Master of Business Degree Program with a concentration in Organizational Leadership at the University of Redlands with an expected completion in Spring 2026.

City utilities, including the Wastewater System, are managed by the Director of Water Reclamation, Thaxton Van Belle. Mr. Van Belle has over 30 years of experience in the wastewater field, including the operation of advanced membrane and R.O. systems. Mr. Van Belle is a Grade V wastewater treatment operator with the State of California and holds certifications in water treatment, laboratory, and maintenance technologies.

Robert Vestal, P.E., is the Director of Public Works for the City of Beaumont. Mr. Vestal has over 25 years of experience in civil engineering, including four years as Principal Engineer for the city and 20 years in the private sector. Mr. Vestal is a licensed professional engineer and an innovator, having developed industry-leading software tools that enhance practices in structural design, geomatics, GIS, surveying, hydraulics, and hydrology.

Management Policies. The City has adopted several policies designed to ensure the prudent and effective management of City operations, including a general accounting policy, a budget policy, a capital improvement policy, a debt management policy, a cash management policy, a disclosure policy, a financial planning policy, a fixed assets policy, an investment policy, a procurement policy, a reserve policy and a policy and procedures manual. Further information about each such policy is set forth below.

Accounting Policy. The City's accounting policy sets forth guidelines with respect to the collection and disbursement of City resources and the preparation of the City's audited financial statements. Under the accounting policy: (i) the City accounts for financial resources in accordance with generally accepted accounting principles applicable to governmental agencies such as the City ("GAAP") (as discussed further under the caption "—Financial Statements"), Financial Accounting Standards Board statements, Accounting Principles Board opinions and Accounting Research Bulletins of the Committee on Accounting Procedure; (ii) investments held by the City are valued at fair market value and categorized based on investment risk; and (iii) procedures to prevent loss, theft or misuse of City funds, including prohibiting employees who authorize transactions from recording such transactions, avoiding physical delivery of securities and requiring written confirmation for all transactions, are established.

Capital Improvement Policy. Under the City's capital improvement policy, all new developments in the City must be approved by the City Engineer and surety bonds or standby letters are required from developers to ensure the construction of required offsite improvements. City-funded projects are categorized as either: (i) current year funded (appropriated) projects; (ii) 5-year capital improvement plan projects; (iii) planned but unfunded projects required to maintain existing levels of services; and (iv) unfunded future needs projects to support anticipated growth. The capital improvement policy also establishes how

projects will be funded; Wastewater System funding sources include developer impact fees, contributed capital and remaining revenues after debt service on Wastewater System obligations is paid. The City's 5-year capital improvement plan is updated with input from each department annually, and projects are prioritized based on revenue generation or cost avoidance, health, safety and welfare, level of service, required maintenance, aesthetic and other considerations.

Debt Management Policy. The City's debt management policy addresses the matters that are required by California Government Code § 8855(i), including: (i) the purposes for which debt proceeds may be used; (ii) the types of debt that may be issued; (iii) the relationship of the debt to, and integration with, the City's capital improvement program or budget; (iv) policy goals related to the City's planning goals and objectives; and (v) the internal control procedures which ensure that the proceeds of each debt issuance are directed to their intended use.

Disclosure/Continuing Disclosure Policy. The City's disclosure and continuing disclosure policy is described under the caption "CONTINUING DISCLOSURE."

Financial Planning Policy. Under the City's financial planning policy: (i) revenues will be estimated conservatively and expenditures will be estimated realistically; (ii) the Finance Department will prepare an annual financial assessment of the City and a 5-year financial forecast for the City, including, for the Wastewater System, anticipated changes in rates, debt service coverage and reserve levels; and (iii) the City will prepare a 10- or 20-year Wastewater System master plan.

Fixed Assets Policy. The City's fixed assets policy establishes a methodology for determining which fixed assets will be capitalized and the value to assign to such assets. The policy's goals are to control, protect and make use of the City's fixed assets in order to deliver services to residents and to account for such assets in accordance with GAAP. Under the fixed assets policy: (i) only assets valued at over \$10,000 will be capitalized (except for land, certain infrastructure and assets that are subject to grant conditions); (ii) each department head will maintain and update annually a list of fixed assets for the applicable department; and (iii) fixed assets may be disposed of only with City Council or City Manager and Finance Department approval, with proceeds returned to the fund that financed the purchase of such assets.

Investment Policy. The City's investment policy is described under the caption "— Investment of Funds."

Procurement Policy. Under the City's procurement policy: (i) professional services will be procured competitively through a request for proposal process, unless approved by the City Council under certain circumstances such as emergencies or grant or loan requirements; (ii) all contracts in excess of \$75,000 must be approved by the City Council and include a not-to-exceed compensation amount; and (iii) contracts may not be for a term in excess of five years.

Reserve Policy. The purpose of the City's reserve policy for enterprise funds such as the Sewer Fund is to build a cash balance for daily needs, emergency expenditures in the event of a natural disaster and unanticipated operating deficits as a result of a revenue shortfall. Under the reserve policy, the City's estimates that it will build Sewer Fund reserves to an amount that is equal to 25% of Wastewater System annual operating expenses. The Sewer Fund reserve amount is separately identified in the City's accounting records, financial statements and budgets. As of June 30, 2024, the City held \$8,229,142 in unrestricted reserves in its Sewer Fund which will equal to an estimated 219 days of Operation and Maintenance Costs.

Policy and Procedures Manual. The City has also adopted a policy and procedures manual which sets forth detailed guidelines for staff with respect to accounting, cash management, capital assets, cash receipts and accounts payable.

Employees and Employee Benefits

Employees. As of June 30, 2024, the City had approximately 233 full-time equivalent employees, of whom approximately 11 work in the Public Works Department and approximately 10 work in the Finance Department. Public Works Department and Finance Department employees are represented by the Service Employees International Union Local 721 (the “SEIU”). Relations between the City and the SEIU are governed by a memorandum of understanding (the “MOU”). The current MOU with the SEIU extends through June 30, 2026. The City has never experienced a strike, slowdown or work stoppage.

This caption contains certain information relating to CalPERS. The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and neither makes any representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS’ most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are forward-looking statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

The City participates in a Miscellaneous plan to fund pension benefits for employees who manage the Wastewater System. The City’s plans are administered by the California Public Employees Retirement System (“CalPERS”). CalPERS administers agent multiple-employer public employee defined benefit pension plans for all of the City’s qualified permanent and probationary employees. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries and acts as a common investment and administrative agent for participating public entities within the State, including the City. CalPERS plan benefit provisions and all other requirements are established by State statute and the City Council. Copies of PERS’ annual financial report may be obtained from its executive office located at 400 Q Street, Sacramento, California 95811, or via <http://www.calpers.ca.gov>. The information on such website is not incorporated herein.

The City participates in separate CalPERS Miscellaneous plans for employees based upon hire date. Benefit provisions for each plan as of June 30, 2024 are set forth below.

City of Beaumont Miscellaneous CalPERS Plans Summary of Benefit Provisions

<i>Hire Date</i>	<i>Employees Hired Before 1/1/2013</i>	<i>Employees Hired On and After 1/1/2013</i>
Benefit Formula	3.0% at 60	2.0% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-67	52-67
Employee Contribution Rate	2.0-3.0%	1.0-2.5% ⁽¹⁾
Employer Contribution Rate	17.26%	7.68%

⁽¹⁾ [Employees are required to make the full employee contribution. The City does not make any portion of such contribution.]
Source: City.

AB 340, Public Employee Pension Reform Act of 2013 (PEPRA). On September 12, 2012, the California Governor signed Assembly Bill 340 (“AB 340”), which implements pension reform in California. Effective January 1, 2013, AB 340: (i) requires public retirement systems and their participating employers to

share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer paid member contributions to such retirement systems for employees hired after January 1, 2013; (iii) establishes a compulsory maximum non-safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36-month period; and (v) caps pensionable income at \$110,100 (\$132,120 for employees not enrolled in Social Security) subject to Consumer Price Index increases. Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit.

Pursuant to AB 340, the City established new pension tier: 2.0% at 62 for Miscellaneous for employees hired on or after January 1, 2013, who were not previously CalPERS members.

CalPERS Plan Actuarial Methods. The staff actuaries at CalPERS prepare annually an actuarial valuation which is typically delivered in the time period from July through October of each year (thus, the actuarial valuation dated July 2024 (the most recent valuation provided to the City) covered CalPERS' Fiscal Year ended June 30, 2023). The actuarial valuations express the City's required contribution which the City must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution requirement derived from the actuarial valuation as of June 30, 2023 affects the City's Fiscal Year 2025-26 required contribution). CalPERS rules require the City to implement the actuary's recommended rates.

The annual actuarially required contribution rates consist of two components: the normal cost and the unfunded accrued liability ("UAL"). The normal cost represents the actuarial present value of benefits that CalPERS will fund under the CalPERS plans that are attributed to the current year, and the accrued liability (the "AAL") represents the actuarial present value of benefits that CalPERS will fund that are attributed to past years. The UAL represents an estimate of the actuarial shortfall between actuarial value of assets on deposit at CalPERS and the present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement. The UAL is based on several assumptions such as, among others, the expected rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAL may be considered an estimate of the unfunded actuarial present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the City owes to CalPERS under its CalPERS plans.

The CalPERS Chief Actuary considers various factors in determining the assumptions to be used in preparing the actuarial report. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability, and other factors. This experience study is generally done once every four years. The most recent experience study was completed in 2021 in connection with the preparation of actuarial recommendations by the CalPERS Chief Actuary as described below.

Beginning in Fiscal Year 2017-18, CalPERS began collecting employer contributions toward a pension plan's UAL as dollar amounts instead of the prior method of a percentage of payroll. According to CalPERS, this change was intended to address potential funding issues that could arise from a declining payroll or a reduction in the number of active members in the plan. Funding the UAL as a percentage of payroll could lead to underfunding of pension plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the CalPERS reports include such results in the contribution projection for informational purposes only. Contributions toward a pension plan's UAL will continue to be collected as set dollar amounts.

The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. CalPERS earnings reports for Fiscal Years 2012-13 through 2022-23 report investment gains (and losses) of approximately 12.5%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7%, 4.7%, 21.3%, (6.1%), and 5.8%, respectively. CalPERS has preliminarily reported investment gains of approximately 9.3% for Fiscal Year 2023-24. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

CalPERS' discount rate was lowered from 7.00% to 6.80% in fall 2021. Lowering the discount rate means that employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 who were not previously CalPERS members will also see their contribution rates rise under AB 340.

On June 25, 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 ("GASB 68") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. GASB 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards change financial statement reporting requirements, they do not impact funding policies of the pension systems.

Discount Rate – The discount rate used to measure the total pension liability as of June 20, 2023 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Miscellaneous Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, PERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

Changes of Assumptions – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

For Fiscal Years 2023 and 2024, the City made total CalPERS Miscellaneous plan contributions of approximately \$1,931,600 and \$1,961,630, respectively. The Wastewater System's share of such contribution was approximately 15%. The City expects the Wastewater System's share of Miscellaneous plan contributions

to increase in future years as the City hires additional dedicated Wastewater System employees to operate the Wastewater System. See the captions “THE WASTEWATER SYSTEM OF THE CITY—Projected Wastewater System Operating Results and Debt Service Coverage.”

The following table sets forth the market value of the Miscellaneous Plan’s assets and funded status as of the valuation dates from June 30, 2019 through June 30, 2023 and the total employer contributions made by the City for such fiscal years. The table is based on CalPERS actuarial reports for those years.

**City of Beaumont
Historical Funding Status
(Miscellaneous Plan)**

<i>Valuation Date June 30</i>	<i>Accrued Liability</i>	<i>Market Value of Assets (MVA)</i>	<i>Unfunded Accrued Liability (UAL)</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
2019	\$35,103,241	\$26,841,251	\$ 8,261,990	76.5%	\$4,948,983
2020	37,847,100	28,637,354	9,209,746	75.7	5,142,570
2021	42,583,033	37,104,646	5,478,387	87.1	5,344,927
2022	45,771,224	34,431,970	11,339,254	75.2	5,150,026
2023	49,015,088	36,580,352	12,434,736	74.6	5,464,234

⁽¹⁾ Amounts are the actuarially required employer contribution amounts from the CalPERS Annual Valuation Reports rather than the actual amounts contributed by the City. The City’s actual contributions differ based on increases or decreases in staffing levels. Differences are accounted for in future actuarially required contribution amounts.

Source: CalPERS Actuarial Reports for June 30, 2019 through June 30, 2023.

Assuming a fixed annual return of 6.80% on future employer contributions for Fiscal Year 2023-24 and beyond, the following tables show the employer contribution for Fiscal Year 2025-26 and the projected future employer contributions for the Miscellaneous Plan for the next five Fiscal Years:

**City of Beaumont
Present And Future Employer Contributions
(Miscellaneous Plan)**

<i>Fiscal Year</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>	<i>2030-31</i>
Normal Cost %	17.39%	17.4%	17.4%	17.4%	17.4%	17.4%
UAL Payment	\$1,029,264	\$1,115,000	\$1,185,000	\$1,346,000	\$1,376,000	\$1,400,000

Source: CalPERS Actuarial Report for June 30, 2023.

A summary of the principal assumptions and methods that were used to determine the Miscellaneous plan’s total pension liability for Fiscal Year 2023 is shown below.

**City of Beaumont Miscellaneous CalPERS Plans
Summary of Actuarial Assumptions**

Actuarial Cost Method	Entry Age Normal Cost Method in accordance with GASB 68
Asset Valuation Method	Actuarial Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by entry age and position

Source: City of Beaumont Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2024.

Benefits Provided. PERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit Level III, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Miscellaneous Plan are applied as specified by the Public Employees' Retirement Law.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by PERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The aggregate total changes in the net pension liability for Fiscal Year 2023, the latest date for which such information is available, for the City's CalPERS Miscellaneous plans were as follows:

**City of Beaumont Miscellaneous CalPERS Plans
Changes in Net Pension Liability**

	<i>Increase / (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability / (Asset)</i>
Balance at June 30, 2022	\$45,894,203	\$35,813,769	\$10,080,434
Balance at June 30, 2023	<u>49,834,513</u>	<u>38,547,510</u>	<u>11,287,003</u>
Net Changes during Fiscal Year 2023	\$ 3,940,310	\$ 2,733,741	\$ 1,206,569

Source: City of Beaumont Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2024.

The June 30, 2023 balances are based on CalPERS actuarial valuation data of June 30, 2022 with assumptions and market values updated through June 30, 2023.

The following table presents the net pension liability of the City's CalPERS plans, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the current rate:

**City of Beaumont Miscellaneous CalPERS Plans
Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

	<i>Discount Rate – 1% (5.90%)</i>	<i>Current Discount Rate (6.90%)</i>	<i>Discount Rate + 1% (7.90%)</i>
Plan's Net Pension Liability/(Asset)	\$18,026,909	\$11,287,003	\$5,739,482

Source: City of Beaumont Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2024.

The City expects total Miscellaneous plan contributions, and the Wastewater System's share of such contributions, to increase in future years as the City hires additional dedicated Wastewater System employees to operate the Wastewater System. Such increased contributions are reflected in the Wastewater System

projected operating results that are set forth herein. See the caption “THE WASTEWATER SYSTEM OF THE CITY—Projected Wastewater System Operating Results and Debt Service Coverage.”

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. For the year ended June 30, 2024, the City recognized pension expense of \$2,852,678 to the Miscellaneous Plan. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Miscellaneous</i>	<i>Deferred Outflows of Resources*</i>	<i>Deferred Inflows of Resources*</i>
Pension contributions subsequent to measurement date, net	\$1,961,630	\$ --
Differences between projected and actual earnings on pension plan investments	1,827,467	--
Change in Employer's Proportion	461,085	--
Changes of assumptions	681,447	--
Differences between actual and expected experience	576,602	89,445
Difference between employer's actual contributions and proportionate share of contributions	<u>274,980</u>	<u>87,397</u>
Total	<u>\$5,783,211</u>	<u>\$ 176,842</u>

The \$1,961,630 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>Fiscal Year</i>	<i>Miscellaneous</i>
2025	\$ 1,243,320
2026	827,293
2027	1,521,688
2028	<u>52,438</u>
Total	<u>\$ 3,644,739</u>

For additional information relating to the City’s CalPERS Miscellaneous plans, see Note 10 to the City’s audited financial statements for Fiscal Year 2024 set forth in Appendix A.

No Post-Employment Benefits. The City does not provide post-employment benefits other than pensions to retired employees.

Investment of Funds

The City invests its funds in accordance with the City’s investment policy (the “**Investment Policy**”), which was adopted by the City Council on May 16, 2023. The Investment Policy sets forth the policies and procedures that are applicable to the investment of City funds and designates eligible investments. The Investment Policy also sets forth stated objectives, including the assurance of the safety of invested funds, the maintenance of sufficient liquidity, compliance with law and the attainment of the best yield or returns on investments. Funds are invested in the following order of priority:

- Safety of Principal;
- Liquidity; and
- Yield.

The City Council has delegated the authority to invest funds of the City to the City Manager and his or her designee (referred to in the Investment Policy as the “Investment Officer”). The Investment Officer must invest City funds in accordance with the prudent person standard under California Civil Code § 2261 *et seq.*

The Investment Policy provides a number of permitted investment categories, including: (i) the State of California Local Agency Investment Fund; (ii) negotiable certificates of deposit with a maximum term of five years (these investments must be collateralized); (iii) medium term notes; (iv) money market funds; (v) US treasury notes; (vi) federal home loan banks; (vii) federal farms credit banks; and (viii) guaranteed investment contracts.

Under the Investment Policy, the City consolidates its cash in order to maximize returns, with income allocated to various funds in proportion to their contributions, based on GAAP. As of June 30, 2024, The value of the City's position in the pool in the Local Agency Investment Fund (a permitted investment under the Investment Policy) is the same as the value of the pool shares in the amount of \$49,836,601. Of such amounts, approximately 15% are allocated to the Sewer Fund. The City's Fiscal Year 2025 budget reflects the City's expectation that approximately \$5,129,803 million in unrestricted retained earnings will be allocated to the Sewer Fund as of June 30, 2025.

The City's investments are reported quarterly to the City Council, and the Investment Policy requires the City to obtain a review of the City's investments from an independent certified public accountant annually. For additional information relating to the Investment Policy, see Note 2 to the City's audited financial statements for Fiscal Year 2024 set forth in Appendix A.

City Insurance

The City maintains insurance for the Wastewater System through Exclusive Risk Management Authority of California (“**ERM**AC”), a joint powers authority that was created under the provisions of Government Code § 6500 *et seq.* to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

The City's current insurance coverages (for the Wastewater System and other City assets) are as follows:

General Liability and Property Damage. The City maintains a self-insured retention level of \$250,000 for general liability with excess coverage up to \$50,000,000, as a participant in ERMAC. Damage to City property is also insured for its replacement cost through participation in ERMAC. Certain components of the Wastewater System, including underground pipelines and manhole covers, are not covered by such insurance. The City does not maintain earthquake insurance on Wastewater System facilities. See the captions “—Seismic Considerations” and “CERTAIN RISKS TO BONDHOLDERS—Natural Disasters.”

Government Crime. The City carries government crime insurance, including faithful performance/employee dishonesty, forgery or alteration, computer fraud, etc., in the amount of \$15,000,000, with a \$2,500 deductible.

Workers Compensation. The City carries workers' compensation insurance in the amount of \$10,000,000 in excess of self-insured retention of \$300,000.

The City has not settled any claims that exceeded its insurance coverage in the past three years.

The City can provide no assurance that it will maintain the above insurance coverage amounts while the Bonds are outstanding. See Appendix B under the caption “INSTALLMENT PURCHASE AGREEMENT—COVENANTS OF THE CITY—Insurance” for a description of insurance coverages that are required to be maintained while the Bonds are Outstanding.

No Outstanding Parity Obligations

The City has no obligations which are payable from Revenues or Net Revenues on a senior basis or on a parity with the Series 2025 Installment Payments, which secure the Bonds. The City is permitted to incur additional obligations that are payable from Net Revenues on a parity with the Series 2025 Installment Payments in the future upon satisfaction of the conditions that are described under the caption “SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts.”

Financial Statements

A copy of the most recent audited basic financial statements of the City prepared by Rogers, Anderson, Malody & Scott, LLP, San Bernardino, California (the “**Auditor**”) is set forth in Appendix A. The Auditor’s letter dated December 6, 2024 is set forth therein. The Auditor also made certain findings in a report on the City’s internal controls dated December 6, 2024. Such findings are also included in Appendix A.

The summary operating results that are contained under the caption “THE WASTEWATER SYSTEM OF THE CITY—Historic Wastewater System Operating Results and Debt Service Coverage” are derived from these financial statements and audited financial statements for prior Fiscal Years (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto.

The City accounts for moneys received and expenses paid in accordance with GAAP. See the caption “—Governance and Management—Management Policies—Accounting Policy.” In certain cases, GAAP requires or permits moneys that are collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses that are paid or incurred in one Fiscal Year to be recognized as expenses in a subsequent Fiscal Year. See Appendix A. Except as otherwise expressly noted herein, all financial information that has been derived from the City’s audited financial statements reflects the application of GAAP.

The Sewer Fund is accounted for as a proprietary fund type (enterprise fund). In governmental accounting, enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges; or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Sewer Fund is presented on an economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Sewer Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Sewer Fund’s principal ongoing operations. Operating expenses include the cost of sales of services, administrative expenses and depreciation on capital assets. All revenues and expenses that do not meet the foregoing definition are reported as non-operating revenues and expenses in the City’s financial statements.

In providing a rating on the Bonds, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology, which may not reflect the provisions of the Indenture. See the caption “RATINGS.” The City makes no representations as to any such calculations, and such calculations should not be construed as a representation by the City as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

THE WASTEWATER SYSTEM OF THE CITY

The Wastewater System

General. The Wastewater System provides wastewater collection and disposal service to approximately 18,805 accounts consisting of single family residential, multi-family residential and mobile home park connections and 538 commercial and industrial accounts. Wastewater is treated at the Treatment Plant, which is described in detail under the caption “—Treatment Plant.”

Collection is primarily via gravity pipelines, with lift stations pumping wastewater under pressure through force mains until the nearest gravity line can be reached. The Wastewater System includes approximately 186 miles of gravity pipelines, 25 miles of sewer force mains and 12 lift stations, with an additional lift station expected to be put into service in 2027.

Treatment Plant. The Treatment Plant is currently a 6 mgd permitted capacity tertiary treatment plant that produces a high quality effluent. Treatment consists of coarse screens, grit removal, equalization, fine screens, a membrane bioreactor treatment system, reverse osmosis, ultraviolet disinfection and centrifugal biosolids handling. Treated effluent is discharged into Cooper’s Creek within the Santa Ana River watershed. Pursuant to the NPDES permit, effluent is currently discharged into a tributary of the Santa Ana River.

The Treatment Plant produces Title 22-compliant recycled water that, with appropriate governmental approvals, can be made available for reuse purposes. Any revenues from recycled water sales, if realized, do not constitute Revenues of the Wastewater System and are not pledged to repayment of the Bonds.

In 2018, the Treatment Plant was improved from the proceeds of the 2018 Bonds, which consisted of the following improvements: (a) the expansion Treatment Plant’s capacity from 4 mgd to 6 mgd; (b) the construction of reverse osmosis facilities in order to reduce the amount of TDS in Treatment Plant effluent, the installation of a membrane system for treatment, grit removal, fine screenings, flow equalization basin, and an upgraded ultraviolet disinfectant system; (c) the construction of approximately 23 miles of 12-inch diameter pipeline between the Treatment Plant and the Inland Empire Brine Line (the “**Brine Line**”); (d) the acquisition of 0.55 mgd of conveyance capacity and discharge rights in the Brine Line; and (e) the acquisition of 0.55 mgd of treatment capacity at OCSD’s brine treatment facility.

Regulatory Issues

The Treatment Plant is operated pursuant to the terms of an NPDES permit issued by the Regional Board. The Regional Board administers NPDES regulations that are promulgated by the United States Environmental Protection Agency and Division 7 of the State Water Code and regulations thereunder. The Treatment Plant’s current NPDES permit, Order No. R8-2022-0042, NPDES No. CA0105376, became effective on November 1, 2022 and expires on October 31, 2027. Since the completion of the Treatment Plant and subsequent startup in 2022, the Treatment Plant has had one self-reported excursion of pH on September 6, 2023. No notices of violations have been issued.

Historic Wastewater System Accounts

The following table shows the number of Wastewater System accounts for the last five Fiscal Years.

City of Beaumont Historic Wastewater System Accounts

<i>Fiscal Year Ended June 30</i>	<i>Residential⁽¹⁾</i>	<i>Commercial/ Industrial</i>	<i>Total</i>	<i>Increase/(Decrease)</i>
2020	16,799	456	17,255	6.09%
2021	16,584	463	17,047	(1.21)
2022	17,676	484	18,160	6.53
2023	18,331	497	18,828	3.68
2024	18,805	538	19,343	2.74

⁽¹⁾ Includes single family residential, multi-family residential and mobile home park connections.
Source: City.

Historic Wastewater System Usage

The following table shows the volume of wastewater treated by the Wastewater System for the last five Fiscal Years.

City of Beaumont Historic Wastewater System Usage

<i>Fiscal Year Ended June 30</i>	<i>Daily Average Flow (mgd)</i>	<i>Increase/(Decrease)</i>
2020	3.77	6.20%
2021 ⁽¹⁾	3.70	(1.86)
2022 ⁽¹⁾	3.60	(2.84)
2023	3.73	3.76
2024	3.90	4.56

⁽¹⁾ Decrease in Fiscal Years 2021 through 2022 are a result of above average precipitation.
Source: City.

Wastewater System usage is affected by a number of factors, including but not limited to the number of connections to the Wastewater System. See the caption “—Historic Wastewater System Accounts.”

Historic Wastewater System Service Charge Revenues

The following table shows service charge revenues of the Wastewater System for the last five Fiscal Years. Connection fee revenues are excluded from the numbers below.

City of Beaumont Historic Wastewater System Service Charge Revenues

<i>Fiscal Year Ended June 30⁽¹⁾</i>	<i>Service Charge Revenues</i>	<i>Increase/(Decrease)</i>
2020	\$10,527,803	19.5%
2021	10,895,306	3.5
2022	12,199,547	12.0
2023	13,268,270	8.8
2024	13,555,693	2.2

⁽¹⁾ On June 19, 2018, the City approved a revised rate structure for Fiscal Years 2019 through 2022.
Source: City.

Wastewater System service charge revenues are affected by a number of factors, including the number of connections to the Wastewater System and Wastewater System usage. See the captions “—Historic Wastewater System Accounts” and “—Historic Wastewater System Usage.”

Largest Wastewater System Customers

The following table shows the ten largest customers of the Wastewater System as of June 30, 2024.

City of Beaumont Largest Wastewater System Customers as of June 30, 2024

<i>Customer (and Customer Type)</i>	<i>Annual Payments⁽¹⁾</i>	<i>Percentage of Total Wastewater System Service Charge Revenues⁽²⁾</i>
CJ Foods (Manufacturing Food)	\$ 714,712	5.27%
Perricone Juice (Agricultural Processing)	186,572	1.38
Plantation Mobile Homes (Mobile Home Park)	186,035	1.37
Beaumont Unified School District (Public Agency)	149,267	1.10
Highland Springs Resort (Resort)	76,744	0.57
Country Highlands (Mobile Home Park)	61,008	0.45
HPD Noble Creek (Apartments)	18,619	0.14
M&R Beaumont Partners (Commercial Center)	16,253	0.12
Kozy Trailer Lodge (Mobile Home Park)	15,328	0.11
Jags Hospitality (Motel)	10,506	0.08
TOTAL	<u>\$ 1,434,044</u>	<u>10.59%</u>

⁽¹⁾ Rounded to the nearest dollar.

⁽²⁾ Based on total Fiscal Year 2024 wastewater service charge revenues of \$13,555,693.
Source: City.

The Wastewater System’s ten largest customers accounted for approximately 10.59% of total Wastewater System service charge revenues of \$13,555,693 in Fiscal Year 2024. On July 18, 2023, the City adopted a new rate structure for Fiscal Years 2024 through 2028. See the caption “—Wastewater System Rates and Charges—Adopted Rates.” As a result of the adoption of the new rate structure, the City’s expects its top ten customers to be different in Fiscal Year 2024 and future Fiscal Years, although the City does not

expect a significant change in the concentration of total Wastewater System service charge revenues from its top ten customers.

Wastewater System Rates and Charges

General. Wastewater System rates and charges are set by the City Council and are not subject by statute to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body. The City is, however, required to comply with the notice, hearing and majority protest provisions of Article XIID of the State Constitution, which is popularly known as Proposition 218. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218” for further information with respect to Proposition 218.

City staff annually determines the adequacy of the charge structure for wastewater service in the service area after full consideration of expected operations, maintenance, capital costs and capital repayment obligations of the Wastewater System. Subject to the substantive and procedural requirements of Proposition 218 and other applicable law, the City Council currently sets wastewater service charges at a level that it determines is sufficient to pay all Operation and Maintenance Costs of wastewater pumping and collection, to recover operating expenses for the Wastewater System, to make debt service payments and to maintain appropriate reserves for the Wastewater System.

The City has covenanted in the Installment Purchase Agreement that, to the fullest extent permitted by law, the City will fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Sewer Service provided by the Wastewater System that are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during each Fiscal Year Net Revenues equal to 120% of Debt Service for such Fiscal Year. See the caption “SECURITY FOR THE BONDS—Rate Covenant.”

Adopted Rates. Residential customer wastewater rates consist of monthly flat charges. Commercial and industrial customer wastewater rates consist of volumetric charges based on water usage.

On July 18, 2023, upon the completion of a rate study by Raftelis Financial Consultants, Inc. and after a public hearing required by Proposition 218, the City Council approved a revised Wastewater System rate structure. The revised structure included a rebalancing of rates among customer classes (without significant rate increases overall) for Fiscal Year 2024, as well as rate increases of approximately 6%, 5%, 3%, 2% and 2% effective on September 1, 2023, July 1, 2024, July 1, 2025, July 1, 2026 and July 1, 2027, respectively. The projected operating results that are set forth herein reflect such adopted rate increases. There is no assurance that the City Council will not repeal or modify such rates in the future or that the Wastewater System’s ratepayers will not approve an initiative to repeal or modify any wastewater service rates and charges approved by the City Council. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218—Article XIIC.”

Set forth below are adopted monthly rates by various customer classes.

**City of Beaumont
Wastewater System Monthly Rates**

<i>Customer Class</i>	<i>Billing Unit</i>	<i>Effective July 1, 2024</i>	<i>Effective July 1, 2025</i>	<i>Effective July 1, 2026</i>	<i>Effective July 1, 2027</i>
<u>Residential Customers (Fixed Charge Per Unit):</u>					
Single-Family Residential (SFR and Mobile Homes) ⁽¹⁾	Per Unit	\$ 52.73	\$ 54.31	\$ 55.40	\$ 56.51
Multi-Family Residential (SFR-Rural, Duplex and Apartment) ⁽²⁾	Per Unit	29.98	30.88	31.50	32.13
<u>Non-Residential Customers Fixed Charge:</u>					
<u>Commercial</u>					
Schools	Per Student	1.15	1.19	1.21	1.23
Commercial- Low	Per Account	6.45	6.64	6.77	6.91
Commercial- Medium	Per Account	6.45	6.64	6.77	6.91
Commercial- High	Per Account	6.45	6.64	6.77	6.91
<u>Industrial</u>					
Dura Plastics Products	Per Account	580.67	598.09	610.05	622.26
Perricone Juice	Per Account	580.67	598.09	610.05	622.26
Rudolph Food Company	Per Account	580.67	598.09	610.05	622.26
CJ Foods #1	Per Account	580.67	598.09	610.05	622.26
CJ Foods #2	Per Account	580.67	598.09	610.05	622.26
Precision Stamping	Per Account	580.67	598.09	610.05	622.26
<u>Non-Residential Volumetric Charges</u>					
<u>Commercial</u>					
Commercial- Low	Per hcf ⁽³⁾	5.16	5.31	5.42	5.53
Commercial- Medium	Per hcf ⁽³⁾	6.20	6.39	6.52	6.65
Commercial- High	Per hcf ⁽³⁾	10.38	10.69	10.90	11.12
<u>Industrial</u>⁽⁴⁾					
Dura Plastics Products	Per hcf ⁽³⁾	5.38	5.54	5.65	5.77
Perricone Juice	Per hcf ⁽³⁾	11.42	11.76	11.99	12.23
Rudolph Food Company	Per hcf ⁽³⁾	0.00	0.00	0.00	0.00
CJ Foods #1	Per hcf ⁽³⁾	14.04	14.46	14.75	15.04
CJ Foods #2	Per hcf ⁽³⁾	8.61	8.87	9.04	9.22
Precision Stamping	Per hcf ⁽³⁾	0.00	0.00	0.00	0.00

⁽¹⁾ Single Family Residential rate includes the following classifications: Single Family, Multi-Family and Mobile Home Parks.

⁽²⁾ Multi-Family Residential rate includes the following classifications: Single Family-Rural, Multi-Family-Rural, Mobile Home-Rural, 2 Units-Residential (Duplex) and Apartments.

⁽³⁾ “Hcf” means hundred cubic feet. For commercial customers the volumetric charge is based on average winter water use (lowest four months of water consumption).

⁽⁴⁾ For industrial customers, the volumetric charge is based on estimated sewer flow.

Source: City.

Wastewater Service Charge Comparison. The table below sets forth a comparison of an average monthly wastewater billing of the Wastewater System (based on current rates) to those of similar wastewater surveyors as of July 1 2024, excluding volume charges.

**City of Beaumont and Neighboring Service Providers
Single Family Residential Charge Comparison**

<i>Service Provider</i>	<i>Monthly Fixed Charge</i>
City of Rialto	\$62.19
City of Beaumont Wastewater System	52.73
Yucaipa Valley Water District	46.90
San Bernardino MWD	48.98
East Valley Water District	46.49
City of Banning ⁽¹⁾	49.44
City of Redlands ⁽²⁾	66.04
City of Colton	45.38

⁽¹⁾ Includes a \$2.32 tertiary surcharge.

⁽²⁾ The City of Redlands lists the rate change effective data as of August 5, 2024.

Source: City.

Connection Fees. The City collects connection fees prior to the connection of new customers to the Wastewater System. Current connection fees are as follows:

**City of Beaumont
Wastewater System Connection Fees**

<i>Connection Type</i>	<i>Connection Fee</i>
Residential	\$6,895
Non-Residential	Varies based on formula and type

Source: City.

Wastewater System Collection Procedures

Wastewater System bills are generated and collected by the City and are included jointly with solid refuse waste collection charges. Bills are sent to customers on a bi-monthly basis. Customers have 30 days to make payment, after which bills become delinquent. Delinquent accounts are assessed a late charge of 10% and a delinquent bill will be sent. If payment is not received for two full billing cycles (4 months of service), the City Council adopts a resolution on an annual basis directing the County Treasurer-Tax Collector to place the delinquent wastewater charges on the parcel tax roll and to impose a lien therefor against the parcel, subject to a public hearing and majority protest process.

On average, nearly all bills are paid in full prior to becoming delinquent and nearly all delinquencies of active customers are brought current prior to the placement of liens on real property. With respect to delinquent amounts collected by the County, the City participates in the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (known as the Teeter Plan), as provided for in Section 4701 *et seq.* of the Revenue and Taxation Code of the State of California, and therefore receives from the County 100% of amounts placed on the property tax roll without exposure to the risk of delinquencies in the payment of property taxes. It should be noted that the County has the right to remove the City from the Teeter Plan process, which would result in the City receiving delinquent wastewater charges only upon collection, along with penalties and interest.

Future Wastewater System Improvements

The City projects total capital improvements to the Wastewater System of approximately \$7.9 million over the current and next three Fiscal Years. Such capital improvements are expected to be financed by a combination of grants, Revenues remaining after payment of debt service on the Bonds, impact fees and City reserves. The City does not expect to issue additional bonds or to incur additional obligations in order to finance such capital improvements. See the caption “THE CITY—Governance and Management—Management Policies—Capital Improvement Policy” for a discussion of the City’s capital improvement policy.

A portion of the capital improvements to the Wastewater System is to be funded from proceeds of the Bonds. See the caption “THE FINANCING PLAN.” A summary of the Wastewater System capital projects for the current and next three Fiscal Years is set forth below.

<i>Project Name</i>	<i>Fiscal Year 2024-25</i>	<i>Fiscal Year 2025-26</i>	<i>Fiscal Year 2026-27</i>	<i>Fiscal Year 2027-28</i>	<i>Total</i>
Rate Funded (PAYGO) CIP	\$ --	\$ 573,300	--	364,928	\$ 938,228
CIP Funded by the Repair & Replacement Reserve	<u>2,386,913</u>	<u>1,375,920</u>	<u>2,007,697</u>	<u>1,216,428</u>	<u>6,986,958</u>
Total	\$2,386,913	\$ 1,949,220	\$ 2,007,697	\$ 1,581,356	\$ 7,925,186

Source: City.

Projected Wastewater System Accounts

The following table shows the number of Wastewater System accounts projected by the City for the current and next four Fiscal Years.

City of Beaumont Projected Wastewater System Accounts				
<i>Fiscal Year Ending June 30</i>	<i>Residential⁽¹⁾⁽²⁾</i>	<i>Commercial/ Industrial⁽²⁾</i>	<i>Total</i>	<i>Increase/(Decrease)</i>
2025	19,087	546	19,633	1.50%
2026	19,373	554	19,927	1.50
2027	19,665	563	20,228	1.50
2028	19,962	571	20,533	1.50
2029	20,264	579	20,843	1.50

⁽¹⁾ Includes single family residential, multi-family residential and mobile home park connections.

⁽²⁾ Rounded to the nearest whole number.

Source: City.

Projected Wastewater System Usage

The following table shows the volume of wastewater treated by the Wastewater System projected by the City for the current and next four Fiscal Years.

City of Beaumont Projected Wastewater System Usage

<i>Fiscal Year Ending June 30</i>	<i>Daily Average Flow (mgd)</i>	<i>Increase/(Decrease)</i>
2025	3.96	1.50%
2026	4.02	1.50
2027	4.08	1.50
2028	4.14	1.50
2029	4.20	1.50

Source: City.

Wastewater System usage will be affected by a number of factors, including the number of connections to the Wastewater System. See the caption “—Projected Wastewater System Accounts.”

Projected Wastewater System Service Charge Revenues

The following table shows service charge revenues of the Wastewater System projected by the City for the current and next four Fiscal Years.

City of Beaumont Projected Wastewater System Service Charge Revenues

<i>Fiscal Year Ending June 30</i>	<i>Service Charge Revenues</i>	<i>Increase/(Decrease)</i>
2025	\$14,233,477	5.0%
2026	14,660,481	3.0
2027	14,953,691	2.0
2028	15,252,765	2.0
2029	15,405,293	1.0

Source: City.

Projected wastewater service charge revenues will be affected by a number of factors, including projected increases in connections and adopted rate increases. See the captions “—Projected Wastewater System Accounts” and “—Wastewater System Rates and Charges.”

Historic Wastewater System Operating Results and Debt Service Coverage

The following table is a summary of operating results of the Wastewater System for the last five Fiscal Years. These results have been derived from the audited financial statements of the City, but exclude certain receipts which are not included as Revenues under the Installment Purchase Agreement and certain non-cash items and include certain other adjustments.

City of Beaumont
Historic Wastewater System Operating Results
Fiscal Year Ended June 30

	2020	2021	2022	2023	2024
Revenues					
Charges for Services	\$ 10,527,803	\$ 10,895,306	\$ 12,199,547	\$ 13,268,270	\$ 13,555,693
Connection Fees ⁽¹⁾	4,819,408	1,123,349	11,278,753	7,433,292	3,396,301
Other Income	780	231,195	264,102	4,532	190,030
Interest Income	<u>563,132</u>	<u>54,568</u>	<u>(1,135,640)</u>	<u>525,017</u>	<u>1,053,265</u>
Total Revenues	\$ 15,911,123	\$ 12,304,418	\$ 22,606,762	\$ 21,231,111	\$ 18,195,289
Operation and Maintenance Costs					
Personnel	\$ 1,988,979	\$ 2,215,486	\$ 2,602,298	\$ 1,892,342 ⁽⁵⁾	\$ 2,433,145 ⁽⁵⁾
Administration	810,273	209,881	827,396	1,491,907 ⁽⁶⁾	958,112
Contract Services ⁽²⁾	852,335	970,966	1,284,884	1,296,746	1,938,502 ⁽⁷⁾
Fuel, Lubricants and Maintenance	155,247	311,162	128,256	537,960	851,917
Supplies	251,190	452,031	524,870	799,057	873,692
Office	20,963	19,578	18,902	22,406	57,155
Utilities	<u>875,767</u>	<u>922,728</u>	<u>858,552</u>	<u>1,124,187</u>	<u>1,326,887</u>
Total Operation and Maintenance Costs	\$ 4,954,754	\$ 5,101,832	\$ 6,245,158	\$ 7,164,605	\$ 8,439,410
Net Revenues	\$ 10,956,369	\$ 7,202,586	\$ 16,361,604	\$ 14,066,506	\$ 9,755,879
Debt Service					
Series 2018 Installment Payments	<u>\$ 4,868,688</u>	<u>\$ 5,073,788</u>	<u>\$ 5,072,988</u>	<u>\$ 5,073,213</u>	<u>\$ 5,073,713</u>
Total Debt Service	\$ 4,868,688	\$ 5,073,788	\$ 5,072,988	\$ 5,073,213	\$ 5,073,713
Debt Service Coverage⁽³⁾	2.25	1.42	3.23	2.77	1.92
Surplus Cash Available⁽⁴⁾	\$ 6,087,682	\$ 2,128,799	\$ 11,288,616	\$ 11,288,616	\$ 4,682,166

⁽¹⁾ Varies based on building permit issuances.

⁽²⁾ Annual variations reflect differing levels of services provided by outside contractors vis-a-vis internal City staff.

⁽³⁾ Net Revenues divided by Total Debt Service.

⁽⁴⁾ Net Revenues minus Total Debt Service.

⁽⁵⁾ [_____].

⁽⁶⁾ Fiscal Year 2023 includes a one-time mitigation credit.

⁽⁷⁾ Fiscal Year 2024 includes Development Impact Fee Study and Adaptive Management and Mitigation Plan costs.

Source: City.

Projected Wastewater System Operating Results and Debt Service Coverage

The estimated projected operating results for the Wastewater System for the current and next four Fiscal Years are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the City's estimate of projected financial results based upon a variety of assumptions, including the assumptions set forth in the footnotes to the chart set forth below. All of such assumptions are material in the development of the City's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

City of Beaumont
Projected Wastewater System Operating Results
Fiscal Year Ending June 30

	2025	2026	2027	2028	2029
Revenues					
Charges for Services ⁽¹⁾	\$ 14,233,477	\$ 16,092,763	\$ 16,414,618	\$ 16,742,910	\$ 17,077,768
Connection Fees ⁽²⁾	2,026,956	2,267,558	2,301,571	2,336,095	2,371,136
Other Income ⁽³⁾	167,304	14,303	14,303	14,303	14,303
Interest Income ⁽⁴⁾	<u>137,746</u>	<u>138,851</u>	<u>138,851</u>	<u>140,240</u>	<u>143,642</u>
Total Revenues	\$ 16,565,483	\$ 18,513,475	\$ 18,869,343	\$ 19,233,547	\$ 19,604,849
Operation and Maintenance Costs					
Personnel ⁽⁵⁾	\$ [2,509,844	\$ 2,905,014	\$ 2,905,733	\$ 3,001,792	\$ 3,120,918
Administration ⁽⁶⁾	521,419	2,057,723	2,069,073	2,080,651	2,092,460
Contract Services ⁽⁷⁾	1,820,226	1,792,964	1,846,753	1,902,156	1,959,220
Fuel, Lubricants and Maintenance ⁽⁸⁾	2,562,936	831,106	872,661	916,294	962,109
Supplies ⁽⁹⁾	941,500	1,112,192	1,145,558	1,179,924	1,215,322
Utilities ⁽¹⁰⁾	<u>1,249,800</u>	<u>1,451,287</u>	<u>1,523,851</u>	<u>1,600,044</u>	<u>1,680,046</u>
Total Operation and Maintenance Costs	\$ 9,605,725]	\$ 10,150,286	\$ 10,363,631	\$ 10,680,861	\$ 11,030,075
Net Revenues	\$ 9,708,388	\$ 8,363,189	\$ 8,718,338	\$ 8,816,794	\$ 8,892,730
Debt Service					
Series 2018 Installment Payments	\$ 5,070,713	\$ --	\$ --	\$ --	\$ --
Series 2025 Installment Payments	--	5,069,088	5,073,463	5,073,588	5,069,463
Total Debt Service	\$ 5,070,713	\$ 5,069,088	\$ 5,073,463	\$ 5,073,588	\$ 5,069,463
Debt Service Coverage⁽¹¹⁾	1.37	1.65	1.72	1.74	1.75
Surplus Cash Available⁽¹²⁾	\$ 1,889,046	\$ 3,294,102	\$ 3,644,875	\$ 3,743,207	\$ 3,823,267

⁽¹⁾ Reflects adopted increases in wastewater service charges described under the caption “—Wastewater System Rates and Charges—Adopted Rates.” Also reflects projected increases in revenues based on expected new development. See the captions “—Projected Wastewater System Accounts” and “THE CITY—Land Use and Service Area.”

⁽²⁾ Reflects City projections of development. Assumes connection fee of \$0.30 per residential square foot. See the caption “—Wastewater System Rates and Charges—Connection Fees.”

⁽³⁾ Based on City projections of housing starts at \$25 per building permit.

⁽⁴⁾ Based on available beginning cash balances and annual interest earnings rate set forth in the July 18, 2023 rate study described under the caption “—Wastewater System Rates and Charges—Adopted Rates.”

⁽⁵⁾ Reflects increases in hiring of Wastewater System personnel.

⁽⁶⁾ Reflects increased for administration overhead.

⁽⁷⁾ Projected to increase approximately 3% per annum.

⁽⁸⁾ Projected to increase approximately 5% per annum.

⁽⁹⁾ Projected to increase approximately 3% per annum.

⁽¹⁰⁾ Projected to increase approximately 3% per annum.

⁽¹¹⁾ Net Revenues divided by Total Debt Service.

⁽¹²⁾ Net Revenues minus Total Debt Service.

Sources: City.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Article XIIIIB

Article XIIIIB of the State Constitution limits the annual appropriations of the State and of any city, county, school district, authority, special district or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The “base year” for establishing such appropriation limit is the 1978-79 State fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (a) the financial responsibility for a service is transferred to another public entity or to a private entity; (b) the financial source for the provision of services is transferred from taxes to other revenues; or (c) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations that are subject to Article XIIIIB generally include the proceeds of taxes levied by or for the State or other entity of local government, exclusive of certain State subventions, refunds of taxes and benefit payments from retirement, unemployment, insurance and disability insurance funds. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to an entity of government from: (i) regulatory licenses, user charges, and user fees (but only to the extent that such proceeds exceed the cost reasonably borne by the entity in providing the service or regulation); and (ii) the investment of tax revenues. Article XIIIIB includes a requirement that if an entity’s revenues in any year exceed the amounts that are permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit, including payments of indebtedness that were existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters, and payments that are required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the provision of existing services more costly.

The City is of the opinion that its charges for Wastewater Service do not exceed the costs that it reasonably bears in providing such services and therefore are not subject to the limits of Article XIIIIB. The City has covenanted in the Installment Purchase Agreement, to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected, at the commencement of each Fiscal Year, to be at least sufficient to yield during each Fiscal Year Net Revenues equal to 120% of Debt Service on the Bonds and other Parity Bonds and Contracts for such Fiscal Year. See the caption “SECURITY FOR THE BONDS—Rate Covenant.”

Proposition 218

General. An initiative measure entitled 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 Articles XIIIIC and XIIIID to the State Constitution. According to the “Title and Summary” of the Initiative prepared by the State Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Article XIIIID. Article XIIIID defines the terms “fee” and “charge” to mean “any levy other than an ad valorem tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIIIID further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIID requires that any agency which imposes or increases any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, because fees for wastewater service are a “fee” or “charge” as defined in Article XIID, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIID includes a number of limitations that are applicable to existing fees and charges, including provisions to the effect that: (a) revenues that are derived from the fee or charge may not exceed the funds which are required to provide the property-related service; (b) such revenues may not be used for any purpose other than that for which the fee or charge was imposed; (c) the amount of a fee or charge that is imposed upon any parcel or person as an incident of property ownership may not exceed the proportional cost of the service attributable to the parcel; and (d) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, it was generally believed that Article XIID did not apply to charges for water and wastewater services that are “primarily based on the amount consumed” (i.e., metered water or wastewater rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The State Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (the “**Bighorn Case**”), however, that fees for ongoing water service through an existing connection were property-related fees and charges. The Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of Los Angeles* that metered water rates are not subject to Proposition 218. The City complied with the notice, hearing and protest procedures in Article XIID, as further explained by the State Supreme Court in the *Bighorn Case*, with respect to the wastewater rate increases that were approved on June 19, 2018. See the caption “THE WASTEWATER SYSTEM OF THE CITY—Wastewater System Rates and Charges—Adopted Rates.”

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal. App. 4th 1493 (2015) (the “**SJC Case**”), upholding tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion was specific to the facts of the case, including a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The City’s wastewater rates, which are described under the caption “THE WASTEWATER SYSTEM OF THE CITY—Wastewater System Rates and Charges,” do not currently include tiered rates based on usage.

Article XIIC. Article XIIC provides that the initiative power may not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges is applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge,” so it was unclear whether the definitions set forth in Article XIID referred to above are applicable to Article XIIC. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the State Supreme Court held in the *Bighorn Case* that the provisions of Article XIIC applied to rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations.

On August 3, 2020, the State Supreme Court issued an opinion in *Wilde v. City of Dunsmuir* (Cal. S. Ct. S252915) holding that taxpayers do not have the right under Proposition 218 to challenge water rates by referendum, and the City does not believe that Article XIIC grants to the voters within the City the power

(whether by initiative under Article XIII C or otherwise, or by referendum, which is not authorized under Article XIII C) to repeal or reduce rates and charges for the Wastewater Services in a manner that would interfere with the contractual obligations of the City or the obligation of the City to maintain and operate the Wastewater System. However, there can be no assurance as to the availability of particular remedies adequate to protect the Beneficial Owners of the Bonds. Remedies that are available to Beneficial Owners of the Bonds in the event of a default by the City are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain. So long as the Bonds are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the Bonds and the rights and remedies of the Bond Owners will be exercised through the procedures of DTC.

In addition to the specific limitations on remedies which are contained in the applicable documents themselves, the rights and obligations with respect to the Bonds, the Indenture and the Installment Purchase Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached as Appendix C), will be similarly qualified.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 applies to charges imposed or increased after November 2, 2010 and provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City believes that its Wastewater System rates and charges meet the exception that is described in clause (g) above and are not taxes under Proposition 26.

Future Initiatives

Articles XIII B, XIII C and XIII D were adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiatives could be proposed and adopted affecting the City's revenues or ability to increase revenues.

CERTAIN RISKS TO BONDHOLDERS

The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of or interest on the Bonds.

Limited Obligations

The obligation of the City to pay the Series 2025 Installment Payments is a limited obligation of the City and is not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Net Revenues. The obligation of the City to pay the Series 2025 Installment Payments does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Accuracy of Assumptions

To estimate the Net Revenues available to pay the Series 2025 Installment Payments, the City has made certain assumptions with regard to various matters, including but not limited to future development within the City and increases in revenues resulting therefrom, the rates and charges to be imposed in future years, the expenses associated with operating the Wastewater System and the interest rate at which funds will be invested. The City believes these assumptions to be reasonable, but to the extent that any of such assumptions fail to materialize, the Net Revenues available to pay the Series 2025 Installment Payments will, in all likelihood, be less than those projected herein. See the caption “THE WASTEWATER SYSTEM OF THE CITY—Projected Wastewater System Operating Results and Debt Service Coverage.” The City may choose, however, to maintain compliance with the rate covenant set forth in the Installment Purchase Agreement in part by means of contributions from available reserves or resources, including the Rate Stabilization Fund. In such event, Net Revenues may generate amounts which are less than 1.20 times Debt Service in any given Fiscal Year. See the captions “SECURITY FOR THE BONDS—Rate Covenant” and “SECURITY FOR THE BONDS—Rate Stabilization Fund.”

System Demand

There can be no assurance that the demand for wastewater services will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges in order to comply with the rate covenant. See the caption “SECURITY FOR THE BONDS—Rate Covenant.” Demand for wastewater services could be reduced or may not occur as projected by the City as a result of reduced levels of development in the City’s service area, hydrological conditions, conservation efforts, an economic downturn, mandatory State conservation orders and other factors.

System Expenses

There can be no assurance that the City’s expenses will be consistent with the descriptions in this Official Statement. Wastewater System Operation and Maintenance Costs may vary with the conditions of the Treatment Plant as well as treatment costs, regulatory compliance costs, labor costs (including costs related to pension and other post-employment benefits) and other factors. Increases in Operation and Maintenance Costs could require an increase in rates or charges in order to comply with the rate covenant. There can be no assurance that actual Operation and Maintenance Costs associated with operation of the Wastewater System will not differ materially from the projections that are set forth herein. If the actual cost of operating the Wastewater System directly exceeds the City’s current projections, the amount of Net Revenues, which secure

the Bonds, could be reduced, which could require the City to increase Wastewater System rates and charges in order to comply with the rate covenant. See the caption “SECURITY FOR THE BONDS—Rate Covenant.”

Limited Recourse on Default

If the City defaults on its obligation to pay the Series 2025 Installment Payments, the Trustee, as assignee of the Authority, has the right to declare the total unpaid principal amount of the Series 2025 Installment Payments, together with the accrued interest thereon, to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the City will have sufficient funds to pay such accelerated amounts from Net Revenues.

Rate-Setting Process under Proposition 218

Proposition 218, which added Articles XIII C and XIII D to the State Constitution, affects the City’s ability to maintain existing Wastewater System rates and impose rate increases, and no assurance can be given that future Wastewater System rate increases will not encounter majority protest opposition or be challenged by initiative action authorized under Proposition 218. In the event that future proposed Wastewater System rate increases cannot be imposed as a result of majority protest or initiative, the City might thereafter be unable to generate Net Wastewater System Revenues in the amounts required by the Installment Purchase Agreement to pay the Series 2025 Installment Payments. The City believes that its current Wastewater System rates approved by the Board were effected in accordance with the public hearing and majority protest provisions of Proposition 218. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Statutory and Regulatory Compliance

Laws and regulations governing treatment and delivery of wastewater are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase.

Claims against the Wastewater System for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Wastewater System and constitute Operation and Maintenance Costs or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for public agency Wastewater Systems such as that operated by the City may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on the City. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the City to generate Net Revenues in amounts that are sufficient to pay the Bonds.

Climate Change

One of the factors that may pose a risk to the operations of the Wastewater System is climate change. Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, and extreme temperatures and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. In addition, the effects of global climate change are expected to increase the risk of inundation at low-lying wastewater facilities as sea levels rise. In addition, higher intensity storms are expected in California as a result of climate change, which are projected to result in potentially higher peak wet weather flow events, which could lead to higher turbidity in raw water and increased runoff that affects sewers and wastewater treatment. The City has incorporated potential impacts of climate change into its planning activities.

Cybersecurity

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct their operations. The City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the efforts of the City to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the Bonds. No assurance can be given that the City will not be affected by cyber threats and attacks in a manner that may affect the payment of debt service on the Bonds.

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, earthquake, wildfire, drought, high winds, landslide or flood, could have an adverse material impact on the economy within the City and the revenues available for the payment of the Bonds and result in substantial damage to and interference with the operations of the Wastewater System.

Portions of the City's service area may be subject to unpredictable seismic activity. The Installment Purchase Agreement does not require the City to maintain earthquake insurance. The City maintains liability insurance for the Wastewater System and property casualty insurance (for losses other than from seismic events) for certain portions of the Wastewater System. See the caption "THE CITY—City Insurance." However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers. Furthermore, significant portions of the Wastewater System, including underground pipelines and manhole covers, are not covered by property casualty insurance. Damage to such portions of the Wastewater System as a result of natural disasters would result in uninsured losses to the City.

In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. In particular, certain electrical operators in the State have seen their distribution/transmission lines cause billions of dollars in property damage and the loss of lives. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in the State, causing wide-spread damage. In 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. The County is also periodically subject to large-scale wildfires and is expected to be subject to wildfires in the future. In recent years, wildfires have burned hundreds of acres at a time and destroyed dozens of homes and structures in the County. The City is located in the San Gorgonio Pass between the San Bernardino Mountains and the San Jacinto Mountains. Both mountain regions are heavily forested and routinely subject to forest fires.

On March 24, 2025, CAL Fire released an updated Fire Hazard Severity Zone ("FHSZ") map for the Southern California region which evaluates "hazard," being the likelihood and expected fire behavior over a 30 to 50-year period without considering mitigation measures such as home hardening, recent wildfire or fuel reduction efforts. On the other hand, "Risk" is the potential damage a fire can do to the area under existing conditions, accounting for any modifications such as fuel reduction projects, defensible space, and ignition resistant building construction. Pursuant to Sections 4201-4204 of the California Public Resources Code, the State Fire Marshal is mandated to classify the state responsibility areas (the "SRAs"), where the state has financial responsibility for wildfire protection and prevention, into FHSZs. These zones are classified as either "Moderate," "High" or "Very High" and are based on statewide criteria and severity of fire hazard that is expected to prevail in those areas. Each zone embraces relatively homogeneous lands and is based on fuel loading, slope, fire weather, and other relevant factors present, including areas where winds have been

identified as a major cause of wildfire spread. In areas designated as the local responsibility areas (the “**LRAs**”), where local agencies have financial responsibility for wildfire protection and prevention, local agencies must adopt a FHSZ map and all three FHSZ classes. The LRAs map process will happen after the SRAs map process has been completed, which is estimated to occur in the winter of 2025. For more information, see the CAL Fire website.

Although the Treatment Plant is not located within a FHSZ, certain portions of the City are located within a FHSZ. There is a risk that property within the City may be damaged or destroyed by wildfires, which may reduce the Net Revenues available to pay the Series 2025 Installment Payments. No assurance can be given as to the severity or frequency of wildfires within the vicinity of the City or the impact on the operations of the Wastewater System.

Limitations on Remedies

The ability of the City to comply with its covenants under the Installment Purchase Agreement and to generate Net Revenues in amounts that are sufficient to pay the Series 2025 Installment Payments may be adversely affected by actions and events outside of the control of the City and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.” Furthermore, the remedies that are available to the owners of the Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

In addition, usual equity principles may limit the specific enforcement under State law of certain remedies, as may the exercise by the United States of America of the powers delegated to it by the federal Constitution and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium proceedings and other laws relating to or affecting creditors’ rights, or the exercise of powers by the federal or State government, if initiated, could subject the Beneficial Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations or modification of their rights. Remedies may be limited because the Wastewater System serves an essential public purpose.

The opinion to be delivered by Bond Counsel concurrently with the execution and delivery of the Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See Appendix C. In the event that the City fails to comply with its covenants under the Installment Purchase Agreement or fails to pay the Series 2025 Installment Payments, which secure the payments of principal of and interest on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Bonds.

Loss of Tax Exemption

General. In order to maintain the exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on the Bonds, the Authority and the City have covenanted in the Indenture and the Installment Purchase Agreement, respectively, to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “**Code**”), and not to take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of interest (and original issue discount) on the Bonds thereunder. Interest (and original issue discount) on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of such Bonds as a result of acts or omissions of the Authority or the City in violation of this or other covenants in the Indenture or the Installment Purchase Agreement. The Bonds are not subject to

redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Indenture.

Federal Tax Law Changes. From time to time, there are legislative proposals in Congress and IRS rulemaking activities that could adversely affect the market value or marketability of the Bonds. It cannot be predicted whether future legislation, rules, regulations or other guidance may be proposed or enacted that would affect the federal tax treatment of interest (and original issue discount) received on the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors regarding any pending or proposed legislation or regulations that would change the federal tax treatment of interest (and original issue discount) on the Bonds. Risks to the status of federal tax exemption affecting interest (and original issue discount) on the Bonds are also discussed under the caption “TAX MATTERS.”

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices 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.

Parity Obligations

The Installment Purchase Agreement permits the City to enter into Parity Bonds and Contracts payable from Net Revenues of the Wastewater System on a parity with the Series 2025 Installment Payments, which secure the Bonds, subject to the terms and conditions set forth therein. The entry into of additional Parity Bonds and Contracts could result in reduced Net Revenues available to pay the Series 2025 Installment Payments. The City has covenanted to maintain coverage of at least 120% of Debt Service, as further described under the caption “SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts.”

Risks Associated with Bond Insurance

In the event that the Authority defaults in the payment of principal of or interest on the Insured Bonds when due, the Owners of the Insured Bonds will have a claim under the Policy for such payments. See the caption “BOND INSURANCE.” In the event that the Insurer becomes obligated to make payments on the Insured Bonds, no assurance can be given that such event will not adversely affect the market for the Bonds. In the event that the Insurer is unable to make payments of principal of or interest on the Insured Bonds when due under the Policy, the Insured Bonds will be payable solely from Series 2025 Installment Payments and amounts held in certain funds and accounts established under the Indenture, as described under the caption “SECURITY FOR THE BONDS.”

The long-term rating on the Insured Bonds is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer’s financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the Bonds. See the caption “RATINGS.”

None of the City, the Authority or the Underwriter has made an independent investigation of the claims-paying ability of the Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is being made by the City, the Authority or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the Insured Bonds, potential investors should carefully consider the ability of the Authority to pay principal of and interest on the Insured Bonds, assuming that the Policy is not available for that purpose, and the claims-paying ability of the Insurer through final maturity of the Insured Bonds.

So long as the Policy remains in effect and the Insurer is not in default of its obligations thereunder, the Insurer has certain notice, consent and other rights under the Indenture and will have the right to control all remedies as to the Insured Bonds in the event of a default under the Indenture. The Insurer is not required to obtain the consent of the Owners of the Insured Bonds with respect to the exercise of remedies. See Appendix B.

THE AUTHORITY

The Authority is a public body that is duly organized and existing under the Joint Exercise of Powers Agreement, dated May 15, 2018 (the “**JPA Agreement**”), by and between the City and the Beaumont Parking Authority, and under the Constitution and laws of the State. The Authority was formed for the purpose of assisting in the financing and refinancing of capital improvement projects of the City and related entities and to finance working capital for the City by exercising the powers referred to in the JPA Agreement, including the power to issue bonds to pay the costs of public improvements. Neither the City nor Beaumont Parking Authority is responsible for repayment of the obligations of the other. The members of the Board of Directors of the Authority are the members of the City Council of the City.

APPROVAL OF LEGAL PROCEEDINGS

The valid, legal and binding nature of the Bonds is subject to the approval of Stradling Yocca Carlson & Rauth LLP, acting as Bond Counsel. The form of such legal opinion is attached as Appendix C, and such legal opinion will be attached to each Bond. Certain matters will be passed upon for the City by Slovak Baron Empey Murphy & Pinkney LLP, Palm Springs, California, City Attorney, and by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California, for the Insurer by its counsel and for the Trustee by its counsel.

LITIGATION

City

At the time of delivery of and payment for the Bonds, the City will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the City, threatened against the City affecting the existence of the City or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Installment Purchase Agreement and the Indenture, or that would have a material adverse effect on the City’s ability to pay the Series 2025 Installment Payments, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Installment Purchase Agreement or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any of said documents, nor to the knowledge of the City, is there any basis therefor.

Authority

At the time of delivery of and payment for the Bonds, the Authority will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority affecting the existence of the Authority or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Installment Purchase Agreement and the Indenture, or that would have a material adverse effect on the Authority’s ability to pay the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Installment Purchase Agreement or any action of the Authority contemplated by any

of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or its authority with respect to the Bonds or any action of the Authority contemplated by any of said documents, nor to the knowledge of the Authority, is there any basis therefor.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, 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 (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. However, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the Authority, the City and others and is subject to the condition that the Authority and the City comply with all requirements of 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 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 Authority and the City have covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner’s basis in the applicable Bond. The amount of original issue discount that accrues to the Beneficial Owner of a Bond is excluded from the gross income of such Beneficial 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.

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 with respect to the Bonds), 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 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 similar municipal obligations). 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 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 hereof. 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) 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 LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the Authority 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) on 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 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Should interest (and original issue discount) on the Bonds 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 complete copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix C.

CONTINUING DISCLOSURE

The City has covenanted in a Continuing Disclosure Agreement, dated as of the date of issuance of the Bonds (the "**Continuing Disclosure Agreement**"), by and between the City and Urban Futures, Inc., as dissemination agent (the "**Dissemination Agent**") for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City by not later than each April 1 following the end of the City's Fiscal Year (currently its Fiscal Year ends on June 30) (the "**Annual Report**"), commencing April 1, 2026 with the Annual Report for the Fiscal Year ending June 30, 2025, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City or the Dissemination Agent with EMMA. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events is set forth in

Appendix E. These covenants have been made in order to assist the Underwriter in complying with Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission.

In order to assure compliance with its continuing disclosure obligations, the City has adopted disclosure policies and procedures, which are described in the following paragraph. The City also plans to retain Urban Futures, Inc. as its Dissemination Agent for the continuing disclosure undertaking in connection with the Bonds.

The City's disclosure policies and procedures require the City: (i) to comply with federal anti-fraud laws when preparing disclosure documents in connection with the issuance of debt; (ii) to retain Disclosure Counsel for each publicly offered financing; Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, served as Disclosure Counsel in connection with the issuance of the Bonds; (iii) to solicit input on City disclosures from all affected departments, with the process overseen by the Director of Finance; (iv) to provide securities law training to the City Manager, the Finance Department and other City staff; and (v) to designate the Director of Finance as the party responsible for continuing disclosure filings.

RATINGS

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), is expected to assign the Insured Bonds the rating of "___" based upon the delivery of the Policy by the Insurer at the time of issuance of the Insured Bonds. S&P is also expected to assign the Bonds the underlying rating of "___" notwithstanding the delivery of the Policy for the Insured Bonds.

There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Such ratings reflect only the views of S&P, and an explanation of the significance of such ratings may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the City that is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The City has covenanted in the Continuing Disclosure Agreement to file notices of any rating changes on the Bonds with EMMA. See the caption "CONTINUING DISCLOSURE" and Appendix E. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the City and prior to the date by which the City is obligated to file a notice of rating change. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings with respect to the Bonds after the initial issuance of the Bonds.

In providing a rating on the Bonds, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology, which may not reflect the provisions of the Indenture or the Installment Purchase Agreement. The City makes no representations as to any such calculations, and such calculations should not be construed as a representation by the City as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

None of the City, the Authority or the Underwriter makes any representation as to the Insurer's creditworthiness or any representation that the Insurer's credit rating will be maintained in the future. The rating agencies have previously taken action to downgrade the ratings of certain municipal bond insurers and have published various releases outlining the processes that they intend to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to the rating agencies for additional information on the applicable rating agencies' evaluations of the

financial guaranty industry and individual financial guarantors, including the Insurer. See the caption “BOND INSURANCE” for further information relating to the Insurer.

MUNICIPAL ADVISOR

The City has retained Urban Futures, Inc., Walnut Creek, California (the “**Municipal Advisor**”) as its municipal advisor in connection with the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained herein.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) pursuant to a Bond Purchase Agreement, dated the date hereof, by and among the Authority, the City and the Underwriter. The Underwriter will purchase the Bonds from the Authority at an aggregate purchase price of \$_____, representing the principal amount of the Bonds, plus \$_____ of net original issue premium and less \$_____ of Underwriter’s discount.

The initial public offering prices stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering price stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation

is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the City.

**BEAUMONT PUBLIC IMPROVEMENT
AUTHORITY**

By: _____
Executive Director

CITY OF BEAUMONT

By: _____
City Manager

APPENDIX A
CITY FINANCIAL STATEMENTS

APPENDIX B

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INSTALLMENT PURCHASE AGREEMENT AND THE INDENTURE

The following is a summary of certain provisions of the Installment Purchase Agreement and the Indenture that are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the applicable document for a full and complete statement of the provisions thereof.

[TO COME]

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

_____, 2025

Beaumont Public Improvement Authority
c/o City of Beaumont
550 East 6th Street
Beaumont, California 92223

Re: \$_____ Beaumont Public Improvement Authority Wastewater Revenue Refunding Bonds,
 Series 2025A

Members of the Board of Directors:

We have acted as Bond Counsel to the Beaumont Public Improvement Authority (the “Authority”) in connection with the issuance of \$_____ aggregate principal amount of Beaumont Public Improvement Authority Wastewater Revenue Refunding Bonds, Series 2025A (the “Bonds”). The Bonds have been issued by the Authority pursuant to the terms of the Indenture of Trust, dated as of June 1, 2025 (the “Indenture”), by and between the Authority and Zions Bancorporation, National Association, as successor trustee (the “Trustee”).

The Bonds are limited obligations of the Authority payable solely from payments to be made by the City of Beaumont (the “City”) to the Authority pursuant to an Installment Purchase Agreement, dated as of June 1, 2025 (the “Installment Purchase Agreement”), by and between the City and the Authority, and from certain funds and accounts established under the Indenture.

In connection with our representation, we have examined a certified copy of the proceedings relating to the Bonds. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth herein, we are of the opinion that:

1. The proceedings of the Authority show lawful authority for the issuance and sale by the Authority of the Bonds under the laws of the State of California (the “State”) now in force, and the Indenture has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the Trustee, as appropriate, the Bonds and the Indenture are valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

2. The obligation of the Authority to make the payments of principal and interest on the Bonds from Authority Revenues (as such term is defined in the Indenture) is an enforceable obligation of the Authority and does not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limit or restriction.

3. 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

(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; however, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

4. Interest (and original issue discount) on the Bonds is exempt from State 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 the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds 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 the 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 corporations, and is exempt from State personal income tax.

6. 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 opinions that are expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the City and the Authority and are subject to the condition that the City and the Authority comply with all requirements of the Code that must be satisfied subsequent to 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 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 City and the Authority have covenanted to comply with all such requirements.

The opinions that are expressed herein 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 any such actions or events are taken or do occur. Our engagement with respect to the Bonds terminates on the date of their issuance. The Indenture, the Installment Purchase Agreement 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. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

Our opinion is limited to matters governed by the laws of the State and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions that are expressed herein are based upon our analysis and interpretation of existing statutes, 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 under the Indenture, the Installment Purchase Agreement and the Bonds are subject to 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.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement 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.

Respectfully submitted,

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority, the City and the Underwriter believe to be reliable, but neither the Authority, the City nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Beaumont Public Improvement Authority Wastewater Revenue Refunding Bonds, Series 2025A (the "Bonds"), payment of principal, premium, if any, accreted value, if any, 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.

The Depository Trust Company ("DTC"), New York, NY, 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 annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual

Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Authority 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 Authority, 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 Authority 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 Authority 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 Authority 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 TRUSTEE, 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 E

FORM OF CONTINUING DISCLOSURE AGREEMENT

Upon the issuance of the Bonds, the City proposes to enter into a Continuing Disclosure Agreement in substantially the following form:

This Continuing Disclosure Agreement (the “**Disclosure Agreement**”) is executed and delivered by and between the City of Beaumont (the “**City**”) and Urban Futures, Inc., in its capacity as dissemination agent (the “**Dissemination Agent**”), in connection with the issuance of the Beaumont Public Improvement Authority Wastewater Revenue Refunding Bonds, Series 2025A, in an aggregate principal amount of \$_____ (the “**Bonds**”). The Bonds are being issued by the Beaumont Public Improvement Authority (the “**Authority**”), pursuant to the provisions of that certain Indenture of Trust, dated as of June 1, 2025 (the “**Indenture**”), by and between the Authority and Zions Bancorporation, National Association, as successor trustee (the “**Trustee**”), in order to provide funds to refinance the outstanding Beaumont Public Improvement Authority Wastewater Revenue Bonds, Series 2018A (the “**2018 Bonds**”) and to finance the acquisition, construction and improvement of certain public improvements within the jurisdiction of the City. The City and the Dissemination Agent hereby certify, covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the parties hereto for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Indenture and in the Installment Purchase Agreement, dated as of June 1, 2025 (the “**Installment Purchase Agreement**”), by and between the Authority and the City, which apply to any capitalized terms used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Annual Report Date*” shall mean each April 1 after the end of the City’s fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

“*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.

“*Insurer*” shall mean [INSURER], or any successor thereto or assignee thereof.

“*Dissemination Agent*” shall mean, initially, Urban Futures, Inc., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent that is so designated in writing by the City and has filed with the then-current Dissemination Agent a written acceptance of such designation.

“*Financial Obligations*” shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule and the issuer thereof has entered into a continuing disclosure undertaking for such municipal securities.

“*Listed Events*” shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement dated _____, 2025, relating to the Bonds.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2026 with the Annual Report for fiscal year 2024-25, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 calendar days prior to such date, the City shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the City. The Annual Report must be submitted in an electronic format as prescribed by the MSRB, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the City may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The City 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 hereunder. The Dissemination Agent may conclusively rely upon such certification of the City and shall have no duty or obligation to review such Annual Report.

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City in a timely manner shall send to the MSRB a notice in substantially the form attached as Exhibit A. Such notice must be submitted in an electronic format as prescribed by the MSRB, accompanied by such identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall:

1. provide any Annual Report received by it to the MSRB by the date required in subsection (a);
2. file a report with the City and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement and stating the date it was provided; and
3. take any other actions as are mutually agreed upon between the Dissemination Agent and the City.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City for the prior fiscal year, which include information regarding the funds and accounts of the City, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available at 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) Principal amount of the Bonds outstanding.

(c) An update of the information for the prior fiscal year in substantially the form set forth in the following tables in the Official Statement under the caption “THE WASTEWATER SYSTEM OF THE CITY”:

1. “Historic Wastewater System Accounts;”
2. “Historic Wastewater System Usage;”
3. “Largest Wastewater System Customers;” and
4. “Historic Wastewater System Operating Results and Debt Service Coverage.”

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 City or related public entities, that are available to the public on the MSRB’s Internet website or filed with the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The City 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 City shall give, or shall cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. Principal and interest payment delinquencies.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).
6. Tender offers.
7. Defeasances.
8. Rating changes.
9. Bankruptcy, insolvency, receivership or similar proceedings.

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 City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the City shall give, or shall cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) Business Days after occurrence:

1. Unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.
2. Modifications to the rights of Bondholders.
3. Bond calls.
4. Release, substitution or sale of property securing repayment of the Bonds.
5. Non-payment related defaults.
6. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
7. Appointment of a successor or additional trustee or the change of the name of a trustee.
8. Incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) If the City determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the City, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event.

(d) If the City determines that a Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the City, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The City hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the City and, if the Dissemination Agent is other than the City, the Dissemination Agent shall not be responsible for determining whether the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the City and the Dissemination Agent specified in this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 7. Dissemination Agent. The City may from time to time appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the City shall act as Dissemination Agent. The initial Dissemination Agent shall be Urban Futures, Inc.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, 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 the City or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver: (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders; or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interest of Bond owners.

The City shall describe any amendment to this Disclosure Agreement in the next Annual Report filed after such amendment takes effect.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement,

the City shall have no obligation under this Disclosure 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 City to comply with any provisions of this Disclosure Agreement, the Insurer any Participating Underwriter or any holder or Beneficial Owner of the Bonds, or the Trustee on behalf of the holders 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 City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be a default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its duties as described hereunder, if any, 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 City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the City pursuant to this Disclosure Agreement. The City shall pay the reasonable fees and expenses of the Dissemination Agent for its duties as described hereunder.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given to the Dissemination Agent (if other than the City) and to the City as follows:

City:	City of Beaumont 550 East 6th Street Beaumont, California 92223 Attention: City Manager
Dissemination Agent:	Urban Futures, Inc. 1470 Maria Lane, Suite 315 Walnut Creek, California 94596
Insurer:	[INSURER] _____ _____ Attention: _____ Re: _____ Telephone: _____ Telecopy: _____

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Insurer, the Dissemination Agent, the Trustee, 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.

Section 14. Counterparts. This Disclosure Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Date: _____, 2025

CITY OF BEAUMONT

By: _____
Mayor

URBAN FUTURES, INC.
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Beaumont

Name of Obligations: Beaumont Public Improvement Authority Wastewater Revenue
Refunding Bonds, Series 2025A

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the City of Beaumont, California (the “**City**”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated _____, 2025. The City anticipates that the Annual Report will be filed by _____.

Dated:

CITY OF BEAUMONT

By: _____
Authorized Signatory

APPENDIX F
SPECIMEN MUNICIPAL BOND INSURANCE POLICY